Daily Report

Latin America

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Cuba

Obstacles Facing Helms-Burton Bill Assessed

PA2607012895 Havana PRENSA LATINA in Spanish 1248 GMT 25 Jul 95

["Exclusive" article by Cuban journalist and writer Nicanor Leon Cotayo, A PRENSA LATINA contributor: "Helms: Neither Failure Nor Victory"]

[FBIS Translated Text] The Helms-Burton bill has not been defeated, and, at this point, it would be irresponsible to claim that attempts to have it approved by the U.S. Congress will fail. At the same time, however, the obstacles encountered by the bill are becoming greater and greater.

The plan, which was presented five months ago as something that would be passed in the blink of an eye, has not yet been given the green light by any of the legislative bodies on Capitol Hill and is even threatening to have its debate exceed beyond the congressional recess, which is scheduled to begin on 4 August.

As is known, the bill was submitted by the Foreign Affairs Committee of the House of Representatives. The committee was convened six times to discuss the bill, and it introduced six modifications to the text, which did not change the bill's content whatsoever.

Debate on the bill by the Ways and Means Committee is still pending. This committee is expected to examine and vote on the part of the Dan Burton bill that contemplates penalties for those that buy sugar from Cuba. However, as of now, the meeting has not taken place.

This might be the reason why the news media believe it is unlikely that the full House, which is considering other matters, will have the necessary time to approve the Burton bill prior to the legislative recess on 4 August.

As for the Senate, some had forecast that in recent days the Foreign Relations Committee would meet to debate and vote on the Jesse Helms bill, but this has not been the case either.

According to reports, Helms' followers are making a tremendous effort so that once the bill is passed by the House it goes directly to the full Senate without being submitted to the committees that have jurisdiction over the topic.

Meanwhile, reporters covering congressional activities argue that the senator from North Carolina also plans to divide the content of the bill and thereby submit it as a rider to another bill being discussed.

A basic conclusion seems to emanate from these two maneuvers: Helms and his supporters in Miami are not certain at this point they can push the bill through the normal channel because they do not have enough votes to do it, among other reasons.

The explanation for these difficulties could lie in the content of the initiative, which raises concern among a group of senators because, among other things, it will prompt sharp differences with the strongest U.S. allies by trying to tell them how to relate to Cuba.

Likewise, growing opposition from the U.S. business sector to specific parts of the initiative, as well as to the policy of tightening the blockade that began with the approval of the so-called Torricelli bill, will somehow play a major part in this situation.

As evidence of this, it can be pointed out that during these past few days a document signed by the Lone Star Cement Co. has been circulating in the halls of Congress in Washington, where the U.S. firm strongly rejected the Helms-Burton initiative.

International opposition to the blockade against Cuba or any other attempt to strengthen it, as well as all other actions implicitly designed to do this, have been growing right before the very eyes of the U.S. Senate, an organization that includes some very competent and insightful legislators.

In this respect it is worthwhile mentioning some specific examples, such as the EU and its recent gestures of rapprochement toward the island; the renewal of diplomatic relations between Cuba and Chile; the recent declaration of the member-nations of the Latin American Economic System (SELA); the meaningful pronouncement by the Central American Parliament; and recent statements made in Havana by the Colombian vice president, as well as those made by the Brazilian and Mexican foreign ministers in London and Lisbon, respectively.

It is not surprising that Larry Byrns, a well-known authority on Cuban affairs who lives in Miami, wisely said last week during an interview with REUTER — and I agree with him — that the issue of Cuban relations "has taken a surprising turn" and that "the United States has never been so isolated as now in its policy toward Havana."

Summit To 'Reinforce' U.S. 'Repression'

FL2507230695 Havana Radio Rebelde Network in Spanish 1155 GMT 25 Jul 95

[Commentary by Eduardo Dimas; From the "Doing Radio" program]

[FBIS Translated Text] Good morning. If you recall, I first spoke to you about this matter in March, when the

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United States announced its summons to Latin American and Caribbean defense ministers for a July meeting in Williamsburg, Virginia. Later, in May, statements by Uruguayan Defense Minister Raul Iturria prompted me to revisit the issue. The meeting began yesterday, with the attendance of 34 subcontinental defense ministers, excluding Cuba, of course. Remember also that the Uruguayan defense minister said that the U.S. Government is striving to create a joint military force in Latin America, noting that this was part of the new U.S. military doctrine for the subcontinent. He specified that he opposed the idea of transforming the armed forces into regional national guards, although he did not disagree with cooperation and inter-communication among the region's military institutions.

According to Joseph Nye, U.S. undersecretary of defense, the meeting has no precedent and reflects the facts that the Cold War has ended, and that it is time to think about a new [word indistinct]. He explained that the meeting will center around three major issues: 1. Transparency, and mutual trust measures; 2. Post-Cold War defense cooperation; 3. and the role of armed forces in 21st-Century democracies.

Regarding the first issue, it appears there is consensus on releasing budgets and regional armed forces' military capacities, beginning with an OAS resolution to create a type of armament registry for submission to the UN. On defense cooperation, in addition to the creation of a joint military force, the objectives of which would need to be thoroughly studied, it is being suggested that these troops participate in the UN peacekeeping force. This means they would become elements in the preventative interventions that have become fashionable in the New World Order and of the new principles being introduced in international relations.

Lastly, there is the role of armed forces in 21st century democracies. According to U.S. officials, respect for human rights by the armed forces is one of the most important themes of the meeting, although they affirm that the United States was not willing to exert influence or pressure to enforce improved compliance by the military. If you want an opinion, Latin American armed forces will continue playing the same role in the 21st Century that they currently play; that is, as guardians of representative democracies and the major apparatus for repression of the people.

Regarding respect for human rights, it must not be forgotten that in the so-called school of the Americas, the U.S. Government prepared more than 20,000 Latin American officials for suppression, torture, and assassination of the progressive forces, and will do it again if they find it necessary. The scandal over CIA ties with Guatemalan military-conducted assassinations could be used to illustrate that the policy has not changed.

In reality, this meeting of Latin American and Caribbean defense ministers with their U.S. counterpart, William Perry, as host, strives to update an old strategy. This meeting, which began yesterday and will run through tomorrow, seeks to reinforce the U.S. role as the governing, ideological force behind Latin American armies. If you want another opinion, the repressive mechanisms will be maintained and strengthened in the 21st Century. We live in a time of change, but the changes are not positive. The subcontinent will continue to be a great power's classic safe backyard. Tomorrow, the Williamsburg meeting will conclude; we will await the results, and to avoid disappointment, expect the worst.

Ukrainian President Welcomes Cuban Ambassador

PA2507163395 Havana PRENSA LATINA in Spanish 1123 GMT 25 Jul 95

[FBIS Translated Text] Kiev, 25 Jul (PL) — Ukrainian President Leonid Kuchma today greeted Sergio Lopez Briel, Cuban ambasssador to Ukraine, with whom he discussed prospects for bilateral economic relations.

During the meeting, Lopez presented Kuchma an official invitation from Cuban President Fidel Castro to visit the island, which was accepted with joy and appreciation.

Kuchma and Lopez Briel discussed topics linked to Kiev-Havana relations, and particularly, the preparations for the first session of the joint intergovernmental commission for the economic-commercial and scientific-technical cooperation to be held in this capital in October.

Projections Indicate Year-End Oil Surplus

FL2607232195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 26 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Cupet S.A. director, Juan Fleitas, has announced that Cuba produced 834,000 metric tons of oil up to 23 July 1995. Most of this record amount was used to generate one third of the electricity supply, and to assure cement production.

Projections indicate that 1995 will end with a surplus of 40,000 to 45,000 tons over the 1.4 million-ton national production goal. However, Fleitas highlighted that the volume produced is still below Cuba's need and potential.

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Daily Calls For Unity To Preserve Social Program

PA2407195795 Havana PRENSA LATINA in Spanish 1434 GMT 24 Jul 95

[FBIS Translated Text] Havana, 24 Jul (PL) — The Cuban social program is being preserved through action, example, and appropriate conduct in the face of adversity, the newspaper TRABAJADORES stated in today's editorial.

The newspaper of the Central Organization of Cuban Trade Unions stressed the need to prevent the existence of negligent, indolent, and corrupt leaders amid the country's ongoing changes to overcome the economic crisis.

With the disintegration of the socialist bloc in Europe and the disappearance of the Soviet Union, Cuba lost its main trading partners — something that caused a drastic decline of more than 80 percent of its import capacity.

"There are circumstances that could prompt selfishness, self-interest, opportunism, and skepticism," the newspaper stated, referring to the new economic conditions that exist in the country, which include foreign investments and the establishment of joint ventures.

Facing these trends, we must oppose [as received] whatever is honest and remain united and morally lofty in our revolutionary culture, which our people cannot lose without losing themselves, it noted.

On 26 July, Cubans will celebrate the 43d anniversary of the assault on the Moncada Barracks, the second largest military garrison in the country, which marked the start of the revolutionary struggle that ended with the defeat of dictator Fulgencio Batista in January 1959.

Approximately 200,000 people and foreign delegations, including groups of solidarity with Cuba (from Spain and Puerto Rico, among others), will attend the official celebration, which will be held this year in the eastern province of Guantanamo.

Coverage of Moncada Ceremony Announced

FL2507162495 Havana Radio Rebelde Network in Spanish 1100 GMT 25 Jul 95

[Headline; from the "First Thing" program]

[FBIS Translated Text] The main national ceremony marking the 42nd anniversary of the assault on the Moncada and Carlos Manuel de Cespedes barracks will be held on 26 July at 1900 [2300 GMT] at the Mariana Grajales Revolutionary Plaza in Guantanamo. [At 1000 GMT Radio Progreso reported that Cuba Vision and Tele Rebelde would carry the ceremony live]

Minfar Awards Eastern Army Unit for Excellence

FL2607224095 Havana Radio Rebelde Network in Spanish 2300 GMT 25 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] The Ministry of the Revolutionary Armed Forces [Minfar] presented the Calixto Garcia Glorious Combat [gloria combativa] banner to military unit 1640, on the unit's 10th anniversary. The order was signed by Army General Raul Castro, minister of the Revolutionary Armed Forces, and was read by Brigadier Gen. Urbelino Betancourt, second in command of the Eastern Army. The order highlights the unit's excellence and their fulfillment of military tasks.

Raul also congratulated the unit's commanding officers, officers, non-commissioned officers, soldiers, and civilian workers for 10 years of dedicated work in areas such as combat readiness and maintenance of equipment and weapons.

Haiti

Carter Center, MKN Leader on Elections

95CA9201 Port-au-Prince Radio Metropole in French 1600 GMT 24 Jul 95

[FBIS Editorial Report] Radio Metropole in French at 1600 GMT on 24 July reports that "the organization led by former U.S. President Jimmy Carter has criticized the 25 June elections in Haiti." The radio explains that in a report published last week, the Carter Center described the 25 June elections in Haiti "the most disastrous on the technical level and as regards the honesty of the vote-counting among the 13 elections the center was able to observe in Haiti." [as heard]

Metropole reports: "The rapporteur of the observer mission for the Haitian elections writes: I can personally bear witness to the fact that one-third of the ballots were compromised, in the fraud organized in Port-au-Prince. However — says Mr. (Robert Pastor) — the best thing one can say is that the irregularities did not seem to be the result of a centralized, organized plot. According to (Pastor), it would be fairer to conclude that the irregularities result from the fact that no one was effectively in charge of the elections.

"Further on, the [Carter Center] report says it thinks partial elections should be far more extensive than the 20 or so districts in which the CEP [Provisional Electoral Council] has decided to hold them, and the Jimmy Carter Center makes a series of recommendations for the electoral process in Haiti. In that report, the center recommends to the White House that it oppose the holding

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of the partial elections set for 6 August while awaiting the reorganization of the CEP and a solution to the differences between the political parties. The evaluation criteria of the 25 June elections should be [doivent etre] expanded in order to increase the number of elections to be held anew — according to the recommendations of the Jimmy Carter Center. Half the members of the CEP should be [devraient etre] be replaced by new members proposed by the political parties. A multipartite commission should produce as quickly as possible a report on the measures to be adopted to improve the electoral process. A new electoral law should be promulgated in order to arrive at the formation of a Permanent Electoral Council. A mediation formula must be [doit etre] found, so as to level out the differences between the political parties.

"Such are the recommendations made by the Carter Center regarding the 25 June elections and with a view to the continuation of the electoral process."

Meanwhile, says Metropole, "for their part, the people's organizations close to the Lavalas coalition continue to support the 25 June elections. These organizations held a demonstration, a sit-in [preceding word in English], Saturday at the Occide Jeanty bandstand in support of the elections. The demonstrators criticized the position of the great majority of the Haitian political class, which is calling for the 25 June elections to be declared null and void."

The radio also reports that the position of the National Cooperative Action Movement, MKN, on continuing the electoral process "has not changed. Volvick Remy Joseph's party affirms that it does not intend to participate either in the partial elections of 6 August or in the second round of elections. Joseph feels the CEP no longer has the trust of the political class, and he thinks that, in view of such a situation, the chief of state should re-establish institutional equilibrium." The radio reports that Joseph, "who participated in the meeting held last week at the National Palace with President Aristide" says that the news conference held by the presidential spokesman on 21 July lends itself to confusion.

The radio then plays a recorded interview with Joseph during which Joseph is asked what, in his opinion, "could save this situation." To that question, Joseph responds: "As I just said, an understanding must be reached. There must be a meeting between the executive and the political parties, because all of them — or most of them — say they are no longer willing to sit down with the CEP, which has fooled them too often. The CEP is no longer credible, as far as we are concerned. We have stated clearly that the CEP is disqualified, discredited. Thus, there is no question of our going to elections with this CEP. Furthermore, the partial results proclaimed show clearly that there is a certain polarization, effected by the CEP, in these elections."

The reporter then asks: "Do you think President Aristide could play some kind of a role in this matter?" — to which Joseph replies: "Well, not as the president of the Republic, as President Aristide; rather, as chief of state. Since the CEP is an imbalanced institution, it falls to the chief of state to re-establish institutional equilibrium. That is one of the essential prerogatives of the president of the Republic."

Aristide Reiterates Will Step Down 7 Feb 1996

95CA9209 Port-au-Prince Radio Metropole in French 1600 GMT 25 Jul 95

[FBIS Translated Text] In an interview carried Tuesday by the Paris daily LE MONDE, President Aristide acknowledges that the legislative and municipal elections of 25 June in Haiti were tainted by irregularities, and he confirms his intention not to seek a second term.

I regret and condemn the irregularities. We could have done better. When people want to vote and cannot find their polling station, that's serious. There must be reparation — said, notably, President Aristide, in answer to a question from LE MONDE.

Dialogue must lead to the participation of several political parties in the coming partial elections and runoffs. We have no other choice. A single party, the absence of an opposition, would mean the death of our democracy — adds the president in that interview.

Drawing up a balance sheet of nine months at the head of the government, President Aristide assessed that it has not been paradise since he returned from exile, but neither has it been hell. The dismantling of the army is a historic step in the right direction — he said.

As regards justice [la justice], Aristide noted that the reform of the judiciary [la justice] is progressing too slowly. We must be patient, while accelerating the process, and never forget that justice and reconciliation go hand in hand. We must take into account 200 years of sclerosis and corruption — he said.

In answer to the question of whether he intends to seek a second term, Aristide affirms: The chief of state will go away on 7 February 1996.

It is to be noted that President Aristide begins a visit to northern Haiti tomorrow. On 26 and 27 June, the president will visit Cap-Haitien and Fort Liberte.

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Deputy Asks Parties To Acknowledge Defeat

95CA9207 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Jul 95

[FBIS Translated Text] The next legislature should work to remake the image of the Haitian parliament. Thus states Deputy (Ernst Pedro Casseus). Deputy (Casseus) says he acknowledges the flaws in the 45th legislature, of which he was a member — which did not do its job. Consequently, he asks the future parliamentarians of the 46th legislature to get a grip on their responsibilities as legislators. (Pedro Casseus), who was elected deputy for the first district of Port-au-Prince on the Lavalas ticket, promises to do everything he can to get the legislation concerning the territorial bodies [les collectivites territoriales] voted on and passed. Regarding the criticism of the CEP [Provisional Electoral Council] made in connection with last June's elections, (Pedro Casseus) asks the political parties to acknowledge their defeat:

[Begin (Casseus) recording, in Creole] The Constitution of 1987 has in it a series of laws that are obliged to be passed in order for the beginning of a democracy to be established. Regarding the matter of decentralization, I don't think that a government as centralized as those we have always had, sitting in Port-au-Prince along with a central government that has a prime minister and a few ministers in it, suffices in order to develop the country. In order to develop this country, the government must begin by decentralizing, so that the communal authorities [pouvwa], the different territorial bodies — all the way from the communal sections, through the communes, to the [geographical] departments — and perhaps even — perhaps, I say — even passing through the districts [awondisman], as a proposal [words indistinct] on that matter...[pauses] but in order to come to have the Departments come to participate in the Council of Ministers, in the council of government. Thus, it is at that moment that...[rephrases] because the local governments...[rephrases] so that they can appear. And there is not yet any legislation that addresses all those things.

The last thing: I know that they were obliged [ke yo oblije] to centralize the polling stations too, to avoid incidents that could have been most unfortunate, incidents that could have been...[pauses] that could have led to fatalities, that could have led to more victims than before, because we know that — and someone was telling me this just a moment ago — that they are bad losers.

I myself say that they are not bad losers; they are bad players! [end recording]

Senator Jean-Louis Discusses Elections

95CA9206 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Jul 95

[FBIS Translated Text] The president of the National Assembly, Senator Firmin Jean-Louis has stated his opinion regarding the matter of elections. Senator Jean-Louis affirms that everyone has a share of responsibility in making the elections a success, for elections are the only thing capable of favoring the establishment of a real and unequivocal democracy in Haiti. Only the population is entitled to decide matters, since it is the only supreme chief, said Jean-Louis, further.

[Begin Jean-Louis recording, in Creole] The Haitian people is the supreme judge. It is the Haitian people who must decide what is going to be done, as regards elections — decide who will win. But, at the same time, I also think that we ourselves have a responsibility, in any election held, to make sure that the election yields reliable, lasting results, results that can move democracy a bit further ahead. I think we have a responsibility to the Haitian people to act in such a way as to have the democratic camp remain as united as possible — so that everyone who is struggling at the side of the Haitian people, struggling alongside the Haitian people, will remain united, bonded to one another, so that we will not become weaker but, rather, remain strong and grow stronger. What is developing today (?I find very troubling) to the extent that you have a sort of decanting going on within the people's camp itself, within the democratic camp itself — which will surely not help things. On the contrary, it will weaken the popular movement, will weaken the Haitian people's movement. [end recording]

Mayor Paul Ends Activities at Port-au-Prince City Hall

PA2507221895 Port-au-Prince Radio Galaxie in Creole 1000 GMT 25 Jul 95

[From the "Let Us Sit Down to Talk" newscast]

[FBIS Translated Text] In a press release, the Port-au-Prince communal administration advises the entire population that since (?the beginning of) the confusing situation (?resulting from) the 25 June elections, Mayor Evans Paul has ended all activities at Port-au-Prince city hall. Therefore, the formalities with regard to paying previously issued checks do not continue.

Mayor Evans Paul's administration has promised to pay all the checks that are in the exchange offices. Mayor Paul's administration will honor all the debts it contracted on behalf of city hall.

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The communal administration asks all employees who have checks to go to city hall so they can cash them. The communal administration has set up a committee that is trying to settle the problems relating to the payroll of the employees.

The communal administration is taking the opportunity to remind all employees that they are working in a public institution. The communal administration condemns the wrong behavior of some individuals in city hall, while calling on the police to take steps to protect the premises of the Port-au-Prince city hall and all its properties.

This release, dated 24 July, was signed by the Port-au-Prince communal administration.

Remy: Not 'Officially Informed' of Withdrawals

95CA9210 Port-au-Prince Radio Metropole in French 1600 GMT 25 Jul 95

[FBIS Translated Text] Anselme Remy, president of the [Provisional] Electoral Council [CEP], has stated that the institution he heads has as yet not been officially informed of the decision of certain political parties to abstain from participating in the rest of the elections. Addressing journalists, Remy invited the political parties with grievances against the CEP to come sit down with him to examine these grievances together.

Regarding candidates formerly registered under the banner of a political party who now wish to continue the process despite their political party's refusal to participate in the rest of the elections, Remy said straightaway that the CEP deals first and foremost with the candidates, and not with the political parties. He said that if a candidate does not personally withdraw his candidacy, the candidate is still considered to be a candidate in the electoral process.

We must remind listeners that most of the political groups — notably: Conacom [National Congress of Democratic Movements], FNCD [National Front for Change and Democracy], ALAH [Alliance for the Liberation and Progress of Haiti], RDNP [Assembly of Progressive National Democrats], and MKN [National Cooperative Action Movement] — have announced their withdrawal from the electoral race, and these political groups demand that their names and emblems not be used by the CEP.

FNCD Representative Calls for Remy's Resignation

95CA9205 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Jul 95

[FBIS Translated Text] Idli Cameau, FNCD [National Front for Change and Democracy] representative before the Provisional Electoral Council [CEP], is calling for the resignation of CEP President Anselme Remy.

In my capacity as representative of the FNCD before the CEP, I address to you this memorandum, to stress and confirm once again certain points on which I have always believed it necessary to insist, during the different, expanded, work meetings held both with the other political parties and with the government and president of the Republic — writes Idli Cameau in his letter addressed to Remy.

Without wishing to recapitulate everything that unfortunately took place despite my judicious advice, and which did not fail to have unfortunate consequences on the quality of the recent elections, I remain convinced — says Cameau — that in a final gesture of wisdom, you will set yourself the duty, Mr. President, of resigning, to offer the country at least a chance, and give it new possibilities. Placing myself within the line defined by the FNCD regarding its position vis-a-vis the recent elections, I think I must, in all honesty, give up the task that this organization had entrusted to me at your institution — says Idli Cameau, in this letter addressed to Anselme Remy.

Haitians Said 'Kidnapped' for Dominican Canefields

95CA9203 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Jul 95

[FBIS Translated Text] Haitian nationals are in trouble in the neighboring Dominican Republic. Last week the Dominican police arrested a number of Haitian citizens who regularly go to the Dominican Republic. We have learned from an absolutely reliable source that these people were even physically mistreated before being put in jail by the Dominican authorities. Most of these Haitians are students at the Higher Agricultural Institute in Santiago de los Caballeros who are participating in a scholarship program established officially, in an agreement with the Port-au-Prince government.

According to reports from the Haitian mission in the Dominican Republic, young Haitians were kidnapped by the Dominican police. After being held in jail awhile, these people are taken to the Dominican canefield camps.

For his part, Guy Alexandre, the Haitian ambassador in Santo Domingo, calls this practice unacceptable. He

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says such things are in total contradiction with the logic of a quest for renovation, harmonization, and cooperation contained in the visits and exchanges of delegations of all kinds between the two countries. Here are the explanations of Haitian Minister of Foreign Affairs Claudette Werleigh on this matter:

[Begin Werleigh recording, in Creole, in progress] ...and even people who traveled with a visa that they sent back, including students who had a scholarship whom they arrested [arrete] at the border. Thus, those are [word indistinct] that worry the government greatly. We have written them a note of protest, and, as I said to you, I met with the minister on that matter. We are working on that. [end recording]

Priest Confirms 'Excessively Zealous' Deportations

95CA9211 Port-au-Prince Radio Metropole in French 1600 GMT 25 Jul 95

[FBIS Translated Text] Haitian-Dominican relations are stirring: For the past several days, the Dominican police have been effecting roundups of Haitians, followed by imprisonment and mistreatment, yet the situation of certain of our compatriots who are the victims of these roundups is in proper order, in the Dominican Republic. Haitian students at the Higher Agricultural Institute in Santiago de los Caballeros participating in a scholarship program there have also been affected by these measures, which the Haitian authorities judge arbitrary. It is pointed out that the scholarship program was established officially, in agreement with the Balaguer government. Father (Edwin Paraison), who works in the Dominican Republic, has confirmed the improper actions of the Dominican police.

[Begin recording, in Creole] [Father (Paraison)] Indeed, I came in yesterday, from the Dominican Republic, and there are excessively zealous repatriations being effected all over the Dominican Republic, especially in the border areas. In fact, about a month ago, there were some Haitian students, who have official scholarships — and that was even a special agreement made between the University of Haiti and a university in Santiago — who were arrested and taken to prison, and they were going to be deported. Thanks be to God, their rector intervened and was able to prevent them from being repatriated. Nevertheless, in the south of the Dominican Republic — in the border area, the area around Barahona — they are going around arresting many people, so as to send them back into Haiti. And they grab them right off the street.

Now, that creates certain problems. For example, they send the person back to Haiti with only the clothes on his back. First of all, he doesn't even have time to notify his relatives so [words indistinct]. Thus, as far as his relatives are concerned, they have a missing person.

Secondly, he has no time to go ask for, for example, whatever wages may be due him where he works. If there was a [words indistinct] he has no time to collect that money. He loses his property plus they separate him from his family. There is no coordination with the embassy, or the consulate, so that we could say that...[pauses] normally, when there is a repatriation, the Haitian authorities on site must be informed about it. Nor is there any coordination with the Haitian authorities in Port-au-Prince, for a kind of welcome operation for these repatriated persons. So I think this really is being done in a really disorderly manner. The two governments must sit down and talk about this matter.

[Unidentified reporter] And we have learned that there are people who have been repatriated who had proper papers, whose situation was in order.

[Father (Paraison)] Well, precisely, there is the example I gave you, of the students — because for the Dominican police and military authorities, what is most important in determining a person's nationality is the color of the skin. Sometimes they don't even ask the person whether he is Dominican or Haitian, know what I mean? They just see him walking along the street, a black man or a man badly dressed, and they grab him and put him into a truck. [end recording]

That was Father (Edwin Paraison).

We add that reports coming from the Haitian mission in Santo Domingo also tell us that young Haitians, kidnapped, are being taken to the Dominican canefield camps after being kept in jail awhile.

The minister of foreign affairs, Mrs. Werleigh, has officially protested against these roundups of Haitians in the Dominican Republic.

[Begin recording] [Werleigh] Last week, when the minister of foreign affairs of the Dominican Republic, Mr. Troncoso, came here, I talked to him about that. So, we do have information.

We are not at all happy with (?what) is happening, but traditionally they are in the habit of sending back people who are illegals. According to information we have, there are people who traveled with visas whom they sent back, including students who had a scholarship, whom they arrested on the border. Thus, those are [word indistinct] that worry the government a lot. We have written them a note of protest, and as I told you, I talked to the minister about the matter.

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[Unidentified reporter] So, overall, what are you doing about it?

[Werleigh] We are working on it. [short sentence indistinct] [end recording]

The Haitian ambassador to the Dominican Republic, Guy Alexandre, says that such an attitude is in contradiction with the two countries' efforts toward rapprochement and a normalization of relations.

'Forceful Intervention' at Saint-Marc Wharf 24 Jul

95CA9212 Port-au-Prince Radio Metropole in French 1600 GMT 25 Jul 95

[FBIS Translated Text] There was a forceful intervention yesterday at the Saint-Marc Wharf by the national police force. Supported by a UNMIH [UN Mission in Haiti] contingent, the policemen engaged in a real hunt for drug traffickers, who, it seems, had control of the port of Saint-Marc. Leonard Exantus explains.

[Exantus, in Creole — live or recorded] The situation is still very tense at the wharf in Saint-Marc, which is still guarded militarily because of a ship called the Christopher that docked at the Saint-Marc wharf and which is suspected of carrying cocaine. The wharf was occupied militarily, when a Honduran military team (?and) the national police showed up at the wharf at about 0800 hours on Monday, 24 July, to search for cocaine. Very early on Tuesday, 25 July, the wharf was still occupied, with the troops awaiting further orders.

Regarding the elections, in a press release, the secretariat of the Lavalas group in Saint-Marc salutes all its followers who, on 25 June, went out and did their civic duty. The secretariat of the Saint-Marc Lavalas group says that despite all the difficulties and irregularities that they noted, the Haitian people managed to choose representatives in the Chamber of Deputies, the commune, and the communal sections. The secretariat seized the opportunity to ask all Lavalas members throughout Haiti to remain mobilized, and not throw away their voters cards, so that they can floor by a knockout the political parties that are out there maneuvering; and the secretariat seizes the opportunity to ask the Haitian people to participate in the partial elections and during the second round of elections — because without elections, there can be no democracy. Whether anyone likes it or not, the torrent must come rushing down.

This is Leonard Exantus in Saint-Marc in the lower Artibonite [Valley], for Radio Metropole.

Public Transportation 'Paralyzed' by Protesting Drivers

95CA9204 Port-au-Prince Signal FM Radio in French 1030 GMT 25 Jul 95

[FBIS Translated Excerpt] Public transportation was paralyzed yesterday in Port-au-Prince. The drivers of public transportation vehicles that run from downtown Port-au-Prince to Delmas and from the downtown area to Cite Soleil began a vast protest movement yesterday, with the goal of making the local authorities round off the cost of the fare for public transportation on the metropolitan circuits. Very early yesterday morning, several dozen public transportation vehicle drivers lined up their vehicles along Jean-Jacques Dessalines Boulevard in a sign of protest, which sort of paralyzed mass transportation in the metropolitan area. Thousands of people were noticed in the streets of the capital yesterday morning desperately awaiting a tap-tap [public transportation vehicle], even a ramshackle one, so as to get where they needed to go. Most of them finally decided to walk, which caused traffic jams in different parts of the capital.

At around 1000, a Haitian police officer was sent to the site. He spoke for a few minutes with the protesting drivers and asked them to go home, while urging them to resort to legal channels so that their movement could be taken into account by the authorities. Jean Lemy St.-Cyr interviewed certain drivers. Here is his report:

[Begin recording, in Creole] [St.-Cyr] [Passage omitted] The drivers' demands have three main points: First, they want to ask the pertinent authorities to lower the price of gasoline, which will allow the price of the run to drop to one gourde. If not, the price should be increased to two gourdes, because they always have problem with passengers when they are unable to find 50 centimes in change to give the passengers. Secondly, they want the authorities to make the street vendors get out of the street, because their presence in the street prevents vehicles from circulating properly, and the drivers also have a lot of trouble stopping to let passengers on or off. Third, the drivers denounce the bad treatment they suffer every day at the hands of the National Police, who give them traffic tickets [minot demokrasi] for the slightest little thing, confiscate their vehicles, and pierce their licenses [indicating a violation]. [passage omitted]

The strike was not respected 100 percent. A number of drivers worked as usual. The strikers had taken up positions in front of Saint Jean Bosco [church] and blocked the way to a number of public transportation vehicles effecting the Delmas to Cite Soleil run that did not wish to be in solidarity with them. Approximately four policemen were on site trying to establish order

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as the drivers were getting ready to go hold a peaceful march that was to end in front of the Ministry of Social Affairs. Arguments broke out between the drivers and the police, who said the drivers were trying to cause disorder in the streets. [end recording]

That was Jean Lemy St.-Cyr on that protest movement by the public transportation vehicle drivers yesterday.

For his part, Pierre Malvoisin, the president of the Independent Drivers Union [Syndicat des Chauffeurs Independents], says he is against the protest movement engaged in by these public transportation drivers yesterday. Moreover, he announces that all the union's drivers will be resuming their activities, (?asserting) that that kind of a movement will yield no results. [Begin recording, in Creole] [Passage omitted] [Malvoisin] No, we are not in favor of having a strike. Those guys must understand that the cost of the dollar is very high, and gasoline is very expensive on the market. [passage omitted]

If the dollar drops, and the cost of gas drops, it will be good for us, because the cost of food and everything else will drop too. [end recording]

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PRI Leader Meets Chinese Communist Party Delegation

PA2607012995 Mexico City NOTIMEX in Spanish 2105 GMT 24 Jul 95

[FBIS Translated Text] Mexico City, 24 Jul (NOTIMEX) — Roberto Campa Cifrian, leader of the Institutional Revolutionary Party (PRI) in the Federal District, welcomed today a delegation of the Chinese Communist Party led by Li Shuzheng.

Campa explained to the Chinese delegation the transformations the PRI has undergone in recent decades in an attempt to maintain its leadership in responding to social demands and to remain in power.

The PRI has been characterized by its dynamic attitude and ability to adapt to the country's changes, and it has displayed flexibility in the face of the different phases in which changes have occurred in Mexico, he noted.

He pointed out that these works are being conducted in an attempt to promote the demands of workers, peasants, and the various social groups and, therefore, combat inequity in Mexico.

Campa remarked that the party began its transformation in response to the popular demand for greater democracy, and he added that through this process the party is attempting to perfect its internal procedures and to strengthen and consolidate a more clear political offer.

Li stressed the close relations between the Chinese Communist Party and the PRI, which began at the end of the 1970's as a relationship to safeguard world peace and promote [word indistinct]. He said that within the framework of interparty relations, it is always necessary to overcome ideological differences, exchange views, and maintain an position of mutual respect and nonintervention in the internal affairs of each organization.

He said this visit to the PRI in the Federal District is intended to strengthen the ties of friendship and cooperation between the two political organizations and to move ahead in all aspects.

PRD Official Criticizes Government Over U.S. Policy

PA2607012795 Mexico City Radio RED Network in Spanish 0000 GMT 25 Jul 95

[Report by Rafael Jerezano from "The Night Monitor" newscast]

[FBIS Translated Text] Rene Bejarano, president of the Party of the Democratic Revolution, PRD, in Mexico City has said that evidently Mexico's economy depends on the terms dictated by the White House. He added that ours is a problem of a government that does not know the meaning of defending the nation and instead of answering strongly pretensions of the U.S. right wing, responds by minimizing the facts and does not stand up with dignity. This is what he said:

[Begin Bejarano recording] They know about the current situation in the country and have taken advantage of the circumstances to exert more pressure on the Mexican Government. Instead of responding with energy and firmness, the government tries to minimize the facts and pretend that nothing is happening, when it should defend the national sovereignty. The finance secretary has said: Well, we cannot worry anymore, we have enough money even if we have almost run out of funds, and we will still pay our obligations.

We know, however, that the economy clearly depends on the terms dictated by the White House. This is a problem of a government that does not understand the meaning of defending the country and that, instead of responding strongly to the U.S. right wing's demands, minimizes the facts and does not stand up with dignity.

The government could present a formal diplomatic protest against the debate on our country held at the U.S. Congress without Mexico showing a dignified and firm attitude for the Mexican nationalistic side to prevail. [end recording]

Government Rejects EZLN's Most Recent Peace Proposal

PA2607025395 Mexico City Radio Red Network in Spanish 0000 GMT 26 Jul 95

[From "The Night Monitor" newscast]

[FBIS Translated Text] Today the government delegation rejected the Zapatist National Liberation Army's [EZLN] most recent peace proposal, which called for conducting an experimental redeployment of EZLN forces along the La Garrucha-San Quintin corridor as part of an attempt to secure a detente agreement.

The Zapatist proposal was rejected because it is was considered to be clearly political in nature and designed to control a large amount of territory — something unacceptable to the government delegates.

According to General Tomas Angeles, a member of the official negotiation commission, the EZLN could make sinister use of this corridor, which runs through an area that has witnessed the return of some 28,000 displaced people, as well as a large number of people who do not sympathize with the EZLN and who trust neither state nor municipal officials, preferring the protection of the Mexican Army.

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Angeles said the representatives of the federal government, in an effort to show their political will to contribute to the peace talks, will propose an alternate corridor, which will be different from the seven corridor proposals presented by the delegation on 15 May.

La Garrucha in Ocosingo Municipality once served as the point of access to territory previously controlled by the EZLN. The local primary school served as a supply center for EZLN forces. In La Sultana, within the corridor proposed by the Zapatists, there was an EZLN training center, and, in Ojo de Agua, Subcommander Marcos maintained one of his safehouses.

It is evident that the delegates of the Clandestine Indian Revolutionary Committee are interested in recovering the areas in which they enjoyed political influence. The EZLN corridor proposal rejected by the government delegation calls for regrouping the Mexican Army at both ends of the La Garrucha-San Quintin corridor. To do this, the Mexican Army would have to redeploy the military units it has in (Patihuitz), La Sultana, Soledad, and Ojo de Agua.

A Provisional Follow-Up and Verification Commission formed by the National Human Rights Commission and the nongovernment All Rights for Everyone [Todos los Derechos Para Todos] would be responsible for verifying compliance with the agreement. In short, so far there has been no agreement.

Clean Votes Stressed Over Legislation

95CA0316A Mexico City REFORMA in Spanish 8 Jul 95 p 9A

[Commentary by Jaime Sanchez Susarrey, University of Guadalajara research professor: "National Priorities"]

[Text] A feeling had existed for months that the country lacked effective leadership. Political parties and public opinion shared the perception. Esteban Moctezuma's resignation from the Interior (Gobernacion) Secretariat therefore came as no surprise. The mystery was rather what took him so long!

Why did Ernesto Zedillo fail to react sooner? Perhaps out of a fear of change or the conviction that he could not do without his young aide. Only he knows the real reasons, but one has to admit that, however late it came, the dismissal had a positive effect, sweeping through the political atmosphere like a breath of fresh air.

Moctezuma's failure can be explained by the lack of a role, his inexperience and youth. The post was too big for him from the very beginning. Nor was it exclusively a problem of form, but of content also. The strategic line he drew for the Interior Secretariat was incorrect. This is the only explanation for the errors he committed.

This is a very important fact for the new secretary of interior. The current political situation demands far more than a change of man and style; rather, it requires a clear strategy with precise objectives. That is why, even if Emilio Chuayffet entered Bucareli putting his right foot first, his experience and political talent will not be enough to enable him to perform his new duties if he does not thoroughly revise the political line followed by his predecessor.

In his speech before the full Cabinet, the new secretary of interior posed two fundamental questions. The first was loyalty to the president. Responding to those who identify him as a member of the Atlacomulco group, Chuayffet denied representing any personal or group interests.

The second was his insistence on the need for change and an appeal to political parties to return to the bargaining table. Within that context, he named Christlieb, Lombardo Toledano, and Reyes Heroles, then added: "We cannot become hostages to the circumstances and fall into the vicious circle of saying that there can be no dialogue if we do not solve the other conflicts first."

The formula of the vicious circle is quite ingenious, but things are not that simple. Despite the good will unquestionably motivating all sides, a healthy number of objective difficulties do exist that will continue to obstruct any national dialogue between the government and the leading political parties.

Precisely what are those difficulties? For starters, the precedent set by Esteban Moctezuma. Without the commitment that there would be a solution to the problem of the PRD [Party of the Democratic Revolution] in Tabasco, Munoz Ledo would never have signed the Los Pinos Pact. If he had, the radical wing of neo-Cardenism would have lynched him. However, from then on, the national agenda was directly linked to local problems.

To try to break the link between national and local issues will be far more difficult now. Furthermore, the dialogue was immediately complicated by matters of a special nature: first of all, by the PRI [Institutional Revolutionary Party] revolt in Tabasco on 18 January; next by the Army's attack on Chiapas on 9 February; and finally, by the Yucatan elections.

Nor is it irrational that this should be so. For the time being, the opposition parties' political priorities do not lie in federal election reform, but in local elections already held (Tabasco, Jalisco, Guanajuato, Yucatan) and to be held in Baja California and Michoacan.

On the national level, PAN [National Action Party], the PRD, PRI, and national government itself know that the distance already traveled is far greater than

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the distance left to go. With all its inadequacies, the legislation now on the books is the fruit of three very important reforms (1989, 1993, and 1994). With respect to pending matters, one must recognize that points of agreement outnumber points of disagreement.

Furthermore, who is pressed for time? We must not lose sight of the fact that the next federal elections will be held in two years.

Between now and then, not one, but several election reforms could be drafted. That is why discussions can be postponed or suspended without endangering the future of negotiations.

Within that context, the only party that is (or was) in a hurry to have the reform concluded was the government itself, and in particular, the former head of the Interior Secretariat because he was the direct author of the initiative. Indeed, no one is unaware that passing a reform with a consensus of all political forces will be a victory for the current administration.

But that is where all the problems begin! On the one hand, as I already pointed out, the opposition parties' priorities are to have local elections be transparent and fair. On the other, the Federal Government is confronted with a series of local groups and interests that either refuse to yield easily, or cannot.

Within such a context, how can we prevent local postelection conflicts from having a negative impact on national negotiations? The answer is simple: Once a postelection conflict occurs, there is no way to prevent it from having a negative effect on the national board. That is what happened in Tabasco and Yucatan, and it could happen again.

For the future of negotiations between PAN, the PRD, and the nation's government, what is happening in Baja California and Michoacan is far more important than any agreements on federal legislation that can be reached immediately. However far we might go on the second point, neither PAN nor the PRD will agree to go on negotiating if they are (or feel) trampled upon in local elections.

Whence the central priority of the Interior Secretariat: to function as a mediator and apply pressure to the most conservative forces of the system so that local elections are toned down wisely and satisfy the opposition's just demands with respect to a fair contest.

The second priority is to clear up local conflicts that have already erupted in Tabasco, Yucatan and Chiapas. In Tabasco, it is urgent to examine evidence presented concerning campaign spending and, if irregularities have occurred, to act accordingly. In Yucatan, it is indispensable to find means of mediation in order to resolve the tension generated.

Finally, with respect to the EZLN [Zapatist National Liberation Army], the nation's government faces a dilemma: either continue the negotiations at a pace set by the Zapatists or apply pressure in order to achieve substantive progress. The situation is less urgent now than it was at the beginning of the year, but if it chooses the second option, the government must be willing to run new risks.

Only when the Interior Secretariat completes its task in the local sphere will it be able to resume the national dialogue with consistency. That is the real agenda now imposed by the circumstances. If one wants to reach the nation's capital, one has to start out from Tabasco, Yucatan, Chiapas, Baja California and Michoacan. First things first.

Finance Secretariat on Public, Private, Foreign Debt

PA2507152895 Madrid EFE in Spanish 1913 GMT 24 Jul 95

[FBIS Translated Text] Mexico City, 24 Jul (EFE) — Officially, Mexico's public and private foreign debt is $135 billion. Private reports claim it is approximately $180 billion.

Of the $135 billion total, according to the Finance Secretariat, $87 billion are public debt and approximately $46 billion are debts that several private banking institutions have with foreign banks.

The Bank of Mexico today denied that Mexico's foreign debt amounts to more than $180 million, as analysts of the firm Legal Research International, (LRI), and Carlos Marichal, an economist, have reported.

A spokesman for the Bank of Mexico told EFE that loans from international banks have been used to change short-term debts in Tesobonos [Treasury bonds] for long-term debts "and this is why the foreign debt cannot be that high." He did not report the actual total of the foreign debt, though.

The Tesobonos debt, which at the end of December 1994 was approximately $29 billion and was payable in 1995, became a threat for the Mexican Government for lack of international financial reserves enough to cover them.

Spokesmen for the Secretariat of Finance and Public Credit stated that the foreign public debt officially totaled $87.541 billion as of 31 March, although they did not explain if the restructuring of Tesobonos was considered part of the foreign debt.

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Various analysts told EFE that, according to their estimates, in the month of May the total debt was equal to $142 billion, of which a little over $87 billion consisted of public debt and the remaining private debt.

LRI analysts think that the total Mexican debt increased considerably because of the loans granted by international financial institutions and by the U.S. Government totaling $47.8 billion.

Analysts also believe that the amount of the debt increased considerably because of the devaluation of the Mexican currency, causing large foreign exchange losses.

The analysis indicated that only 61 percent of the debt is stated in dollars while the rest is stated in other international currencies, against which the dollar has devalued, such as the Japanese yen, the German mark, the French franc, and others.

The General Directorate of Public Credit estimated the debt totaled $135.467 billion at the close of 1994, and anticipated that $21.781 billion would be amortized, excluding the maturity of Tesobonos.

Annual Inflation Exceeds 33 Percent

PA2607021095 Mexico City Radio RED Network in Spanish 0000 GMT 25 Jul 95

[Report by Antonio Guzman from "The Night Monitor" newscast]

[FBIS Translated Text] The Bank of Mexico [Banxico] today reported that inflation through the first half of July was 1.01 percent, the lowest level registered for the first half of 1995. According to these results, the overall annual increase in the price index is 33.99 percent, only 8 percent below what has been set as the official inflationary target for all of 1995.

The report added that the increase in the price of the family basket was 1.10 percent during the same period. According to the institution, the increase in prices between 1 July and 15 July was prompted primarily by the increases in various fruits, such as oranges and grapefruits, and vegetables, as well as increases in the price of house rentals, domestic gas, bread, movies, books, school materials, processed milk, medicine, medical services, and flour.

During this period, the food, drink, and tobacco sector experienced the highest increase: 1.37 percent. The housing sector followed with a 1.18 percent gain, while education and leisure saw a 1.16 percent increase.

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El Salvador

President Delivers Weekly Address on Current Events

PA2507145895 San Salvador Radio Network in Spanish 0100 GMT 24 Jul 95

[Speech by President Dr. Armando Calderon Sol on Sunday's "Five Minutes With the President of the Republic" program; place and date not given—live or recorded]

[FBIS Translated Text] Fellow citizens: This evening I wish to refer to two facts that held public attention last week. The first, is highly positive because it has to do with the delivery of 1,264 homes to very low income families in the Italia District and the second, is described as negative because it is proof of the stubborn and confrontationist mentality of a small group of public workers.

Speaking about the positive things, on Thursday we had the satisfaction of inaugurating the Italia District. It is an urban complex located in Tonacatepeque and executed thanks to the generous donation by the Italian Government and the contribution of various of our government institutions. Now 1,264 families are owners of dignified and secure homes, with electric power, potable water, drainage, telephone service, a clinic, a school, a day care center, a market, repair facilities, public security, and community banks.

It is good to point out that our government's social programs include housing projects that favor thousands of Salvadorans who lack their own shelter and who live in high-risk places and in unhealthy conditions. Hundreds of families have already benefited with programs developed by the Deputy Housing Ministry [as heard], (Fonavipo) [expansion unknown], and the Liberty and Progress Institute. [Three-second break in reception] ...work carried out in the Public Works Ministry, Rosales Hospital, and ANDA [National Administration of Waterworks and Sewers], we consider that these are radical actions that do nothing to benefit the consolidation of peace and democracy in our country. We have always said that we live in a democracy where people can freely express their ideas and labor affairs with respect to the legal framework, without altering public order, and much less harming the people by interrupting vital services.

Regrettably, a small group of leaders embedded in government offices, continue to act with a confrontationist mentality, serving those who with pseudo-labor maneuvers, attempt to create an atmosphere of political instability in the country, by generating unrest among the Salvadoran people. In the face of these provocative actions by radical sectors, which the people already have well identified, our government has adopted a position in abidance of the law, which does not accept threats or pressures.

As members of the government, we are aware of the need to improve the salary of public workers and proof of this is the 8 percent increase to public servants effective this month. But the government cannot satisfy demands that surpass the availability of the budget and less so if these demands are made with the deliberate intention of creating an atmosphere of social unrest under the pretext of labor claims.

The instigators of strikes and street unrest know perfectly well that with their aggressive attitude and with their disrespect of the law they cause great harm to the entire Salvadoran people and in addition affect the peace process, forcing public security authorities to act.

In view of these regrettable events, which cause so much harm to the people, we make an urgent call on those who overtly or covertly promote these destabilizing actions, to refrain from doing so and to present their demands within a legal framework, always taking into account that the country's interest is always above the interests of the sectors.

Good night and thank you.

Guatemala

President, Defense Minister on Talks With Rebels

PA2607043495 Guatemala City PRENSA LIBRE in Spanish 22 Jul 95 p 3

[FBIS Translated Text] Guatemalan President Ramiro De Leon Carpio yesterday said peace will come to stay, adding that the Guatemalan National Revolutionary Unity [URNG] and the government could sign an agreement on the socioeconomic and agrarian situation in less than a month.

De Leon said progress is being made in the negotiations for signing, as soon as possible, an agreement on these issues. He explained that difficulties and delays are part of every negotiation process, but like Quixote, I keep going, using the rocks tossed at us to build peace, he noted.

The president said that perhaps the agreement will not be signed, but perhaps it will, especially in light of the fact that current national and international pressure and foreign and domestic conditions demand the signing of a peace agreement, or a least progress in this direction.

I would say progress can be made on important issues, and then we can move closer to a cease-fire and

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demobilization. Although one should not rush the issue, we, from a humanitarian point of view, would like to move quickly, De Leon said.

The president noted that yesterday morning he met with the commanders of the country's military regions and discussed the peace process, and, he added, although there are obstacles and differring opinions, all of which I respect, there was a consensus to make progress to achieve peace.

In acknowledging the URNG's change of attitude, De Leon Carpio noted: All of my statements are positive, but I strongly reject and condemn acts of terrorism.

The chief of state said that although the negotiations are not going as fast as the government would like, we are continuing to make progress in the struggle against poverty and in support of the reconciliation of all Guatemalans.

Regarding URNG Commander Pablo Monsanto's claims that the business community and the Army oppose the signing of an agreement on the socioeconomic situation, De Leon said: I respect these opinions, but the important thing is to continue making progress.

The private sector, represented by the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations, has been involved for some time in the peace process, and, De Leon noted, although there are differences, it is easy to reach an agreement with us.

Meanwhile, Defense Minister General Mario Rene Enriquez Morales declared he has always been optimistic, but he added that in view of the delays in the peace talks with the guerrillas, one must be realistic and understand that it will be difficult to end the war before year's end.

Enriquez insisted the government and the Army do not have differing views on the negotiation process and there are no differences within COPAZ [National Commission for the Consolidation of Peace], which comprises both military personnel and civilians.

Yesterday, De Leon Carpio and Enriquez presided over ceremonies to dedicate the Monument to Peace, Liberty, and Democracy in which the names of the 1,910 members of the Army who have died in combat in the 34 years of the domestic war are listed. Father Sebastiao Cristiani blessed the monument, which is located in Marte Military Field. The monument has seven rooms, five of which are dedicated to the fallen, while the other two can be used for conferences, films, and the placing of memorials.

De Leon Announces Electoral Agreement

PA2507201595 Guatemala City Radio and Television Networks in Spanish 0030 GMT 25 Jul 95

[Speech by Guatemalan President Ramiro De Leon at ceremony to sign electoral agreement at the National Palace in Guatemala City — live]

[FBIS Translated Text] Mr. Vice President Arturo Herbruger Asturias, Mr. Secretary General of the Presidency of the Republic, Messrs. presidential candidates, Messrs. secretaries general of the political parties represented here, Messrs. ministers of state and secretaries of the presidency of the Republic, Messrs. general officers of the Guatemalan Army, Most Excellent and Most Reverend Apostolic Nuncio of His Holiness and doyen of the diplomatic corps, honorable diplomatic and consular corps accredited in the country, Messrs. representatives of international organizations, most excellent authorities of the Catholic, Evangelical, and Jewish Churches of Guatemala, state officials, Messrs. representatives of the business sector, of the cooperative movement, of the union sector, of the Indian groups, and of the popular organizations, distinguished members or directors of the media, columnists, friends of the domestic and foreign media, Guatemalan people who are watching and hearing me through this transmission:

If 10, 20, or 30 years ago, or almost at any time in our history, a president of the Republic asked the political sectors to reach a commitment of any nature with the sole objective of working together for the country's sake, they would have labeled him as crazy. In fact, if we review our fatherland's history, we would find out that such an agreement had not been reached, because there was a de facto regime, because one or two parties controlled power, or because the ruler was an authoritarian.

In our recent democratic era, which is only reaching its first 10 years, there were also attempts to reach political agreements that unfortunately failed. Left behind were efforts to establish a national dialogue or a consensus, which have been words used at one time or another, but all of them had good intentions.

The end of this 20th century finds Guatemalan society profoundly divided, splintered, fragmented, confrontational, and distrustful, and this makes the achievement of consensus much more difficult and often unfeasible.

If this attitude has been displayed by sectors that supposedly have more agreements than differences, what could we expect then from a sector such as the political one? A sector whose differences are even more accentuated in the public life of a nation and in the special role that political parties play in a true

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democracy. They are the conduits of the expressions of the various doctrinaire and ideological trends that struggle to reach power through the only possible way, that is, by winning the citizens' votes.

Guatemala is the product of contrast and diversity, but nearly 35 years of armed confrontation has also, unfortunately, made it a nation that urgently needs reconciliation and national commitments to move it forward without distrust and intolerance.

It has been even more difficult to reach agreements between the government and other sectors, because this distrust and intolerance are magnified partly because of the kinds of governments that we have had at certain times.

It is not easy, and we must admit with honesty, that although we have a very beautiful and generous country, as if committing self-immolation, we underscore the negative and hide and blur the positive. And even if in a small way, the latter should be appreciated more by a society that has nearly lost hope, and apparently, some of its members want to deal a coup de grace to ensure that this becomes the last death to be highlighted.

Thus, allow me at this singular moment of our history, to underline the positive, the things that move us to shout from the rooftops that this hope is still alive. An illustrious thinker of the last century pointed out correctly that determination is a leadership skill of intelligent forces to conciliate the freedom of the people and their (?material) needs.

I think that now there is no better way to correctly convey what happened on 23 July and early on 24 July, when — after nine hours of work — the political parties and the government of the Republic managed to reach a civic-political-electoral commitment that will be signed by everyone in a few minutes.

The political will of the parties and the government of the Republic to reach agreements for national benefit has been displayed on this day as personal and sectorial interests were pushed aside.

As president of the Republic, I cannot deny or fail to recognize that this commitment would have not been possible without the responsible, mature, and serious determination displayed by national political institutions through their secretaries general and national leaders. This was facilitated by the conviction about the impartiality and unbending resolve of the president and government [thirty-six second break in reception] 1996, when I will deliver this office to my successor elected democratically by the people.

This civic-political-electoral commitment contains very valuable and positive aspects:

1. To conduct a civic and responsible electoral campaign, an ethical campaign without dirty attacks, without insult, without the shady elements that in the past have even cost the lives of many Guatemalans;

2. The establishment of appropriate mechanisms to settle disputes or controversies that may occur between parties through actions of conciliation or arbitration;

3. The government's commitment not only not to endorse any party or candidate and to maintain the impartiality and purity of the election, but to dismiss those public officials who, in violation of the law, may use their post to adversely affect or support a specific candidate or party.

Another point is the creation of a specific commission so that the transition from one government to another, from a historical period to a different period, be carried out with the indispensable elements to facilitate the coming of new authorities in office.

In addition, both the government and political parties have made a clear appeal to citizens, urging them to register and vote in a civic act of love for Guatemala. This will allow Guatemalans to elect their authorities. In this regard, we will discuss other issues in the next meeting.

And last but not least, this political institution we have already created has decided to convoke in no more than 15 days a broader meeting, inviting sectors from national society to discuss other topics of national importance, such as the possibility of reaching a governability pact, peace, respect for human rights, and the struggle against impunity and corruption.

As president of all Guatemalans and as representative of national unity, I feel very satisfied over the accomplishments made. And as I did early this morning before nearly all registered political parties, I once more congratulate them and their leadership for this undisputable and evident demonstration of their determination to fulfill the commitment acquired, as the government I am honored to preside will do.

Upon inviting presidential candidates, political leaders, and witnesses of honor to accompany me to sign the agreement we have concluded this morning, I repeat what Ernesto Renan once said: What constitutes a great nation is not to speak the same language or be members of the same race, but to possess in common great things in the past and the desire to do great things in the future.

Thank you, very much. [applause]

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URNG Releases Communique To Clarify Press Reports

PA2507171595 Guatemala City LA REPUBLICA in Spanish 24 Jul 95 p 3

[Communique issued by Pablo Monsanto, commander of the URNG, in Mexico City on 23 July]

[FBIS Translated Text] Mr. Gonzalo Marroquin

Director of the newspaper LA REPUBLICA

Guatemala City

Respectable Mr. Director:

I respectfully ask you to publish the enclosed communique in the next LA REPUBLICA issue, as an explanatory note:

PRESS COMMUNIQUE BY THE URNG [GUATEMALAN NATIONAL REVOLUTIONARY UNITY] GENERAL COMMAND

After the latest news conference held by Commander Pablo Monsanto [Jorge Ismael Soto Garcia] on 20 July in Mexico City, some Guatemalan news media released reports that do not accurately portray the essence of the statements. For that reason, we believe it is pertinent to give the following explanation:

Never was it said that the UN mediation in the negotiation process made the organization share responsibility for a possible extension of the process beyond the dates stipulated. On the contrary, it was emphasized that the pace of the process responds to the political willingness of the negotiating parties. We also said that in the URNG's opinion, the government lately has shown less interest in the time issue than at the beginning of the process.

The URNG believes that the advancements in the negotiation process with the government and the Guatemalan Armed Forces respond in great measure to the efforts and mediation of the United Nations.

The URNG once again reiterates its political willingness to reach in the shortest time possible, a firm and durable peace agreement within the framework of a plan based on social justice.

[SIGNED] URNG GENERAL COMMAND

COMMANDER PABLO MONSANTO

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Argentina

UCR Challenges Helms Bill on Cuba

PY2507235895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1907 GMT 25 Jul 95

[FBIS Translated Text] Buenos Aires, 25 Jul (NA) — The UCR [Radical Civic Union] national executive board today challenged a bill sponsored by U.S. Senator Jesse Helms, imposing sanctions on nations trading with Cuba. The UCR national executive board emphasized that implementing this measure "would represent an unacceptable interference in the liberty of nations."

Through a declaration, signed by UCR President Raul Alfonsin, the UCR national executive board also points out that the aforementioned bill "would be even more detrimental to Cuba because it would prevent Cuba from implementing its economic reforms, as it would preclude the arrival of foreign funds, increasing its isolation."

The UCR national executive board emphasizes: "If this bill is implemented, not only would current negotiations be jeopardized and Cubans burdened even further, but the liberty of nations would be seriously impaired."

The UCR national executive board also points out that the bill sponsored by Senator Helms "contradicts the efforts being made by the administration of Bill Clinton and by some U.S. congressional sectors that are engaged in contributing to detente in our region."

The UCR national executive board also confirmed its solidarity with "those who are soliciting the end of the blockade against that fraternal country." The UCR board emphasized its historic banner of integral democracy and its support for the principles of international rights." [no opening quotation marks as received]

Syrian Officials To Hold Nuclear Reactor Talks

PY2607025295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0011 GMT 26 Jul 95

[FBIS Translated Text] Buenos Aires, 25 Jul (NA) — A new element will be added to the controversial possibility of selling an Argentine nuclear reactor to Syria after the arrival of two Syrian experts in our country next month to assess the signing of an agreement on technological exchange for peaceful uses, which represents a preliminary step to any commercial deal between the two nations.

Vice Foreign Minister Fernando Petrella today emphasized that the arrival of the two Syrian Government delegates "had been delayed for scheduling reasons." Nevertheless, he believes "their visit will take place in August."

The vice foreign minister explained that "the idea is to exchange ideas on the possibility of achieving an agreement on cooperation for peaceful uses, which represents a key requirement by Argentine laws for exchanging technology that could be sensitive."

Foreign Minister Guido Di Tella met Israeli Prime Minister Shim'on Peres in Israel last week. After the meeting, Israeli sources announced a promise made by the Argentine foreign minister of not taking any measure that may compromise peace in the Middle East.

Nevertheless, Petrella emphasized that a nuclear reactor would be sold to Syria to allow this country to use it "for medical purposes." He added: "This is the only perspective for this probable agreement on the peaceful use of energy with military potential."

With regard to the Israeli challenges to the Argentine-Syrian negotiations, Petrella noted that "the Israeli Government has really not made any allegations in this regard," but "the media sources have actually made them."

In remarks to a radio station, the vice foreign minister said: "The Foreign Ministry has been discussing this issue with the Israeli ambassador now and before the talks with Syria so as to keep those with whom we have a very special relationship, which is the case with Israel, well informed."

In this regard, the vice foreign minister added that exchanges with Middle East countries "will be adjusted as the relations between Israel and Syria improve." "This already represents a fait accompli, as Israel and Syria could achieve a peace agreement," Petrella said.

Defense Minister Discusses Military Reorganization

PY2507175195 Buenos Aires LA NACION in Spanish 23 Jul 95 p 6

[Interview with Defense Minister Oscar Camilion by Eduardo Barcelona; place and date not given]

[FBIS Translated Text] [Barcelona] If the idea of concentrating the general staffs of the three military branches and the Defense Ministry at the Libertador Building is true, when do you think this change might occur?

[Camilion] I do not think the general staffs of the three branches should necessarily be in a single building, in a sort of Pentagon. This only happens in the United States. Other countries, like Canada, have their general staffs in three different cities. In other parts of the world general staffs have their headquarters in different buildings in the capital city. We will wait to see the conclusions of our advisers and the opinion of the chiefs of general

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staffs before deciding. I would say the issue is not yet decided.

[Barcelona] Do you think the military reorganization program can be financed with the sale of properties?

[Camilion] No, no, no. The program must be based on a functional criteria. We must start by thinking that the Armed Forces budget now allocates a large percentage of its appropriation to personnel. The rate of operational spending compared to investments is unsustainable.

We have two alternatives: Either increase our operational spending proportionally to the number of personnel or redefine the equation. There is no doubt that the chapter on personnel must be a central issue. There is no doubt, either, that the solution must offer a substantial saving of resources for use in other areas.

[Barcelona] Do you think the number of military personnel must be reduced?

[Camilion] I think we must reorganize the entire military personnel structure. The item has already been analyzed in depth by studies conducted by the Joint Chief of Staff (EMC). I think the discussions on the matter will help us reorganize our military forces with a different criteria. We will have full time and career officers, in the sense that they will remain in the force for their entire life. Others will not serve their entire life. This happens in many other countries. They are on active duty for some time and then they become members of what is called active reserve. This will answer our true defense needs.

[Barcelona] Some 85 percent of the Armed Forces budget is allocated to salaries, while 15 percent is used in operations and investments. How will this equation be changed?

[Camilion] There is no doubt the equation will have to change. We will not have increases in operative spending or investments to establish a more or less adequate relation — say a 60-40 relation. Therefore, we do not have any alternative but to progressively reduce our spending on personnel.

Reorganization presupposes a reequipping problem. We must take remember that we cannot purchase new equipment with budget savings or through the sale of properties. Armed Forces equipment will be purchased with funds provided by special accounts. There is something important to note: We can no longer think of using secret funds for military equipment. Neither can we contemplate a surprise purchase of equipment, that is, with extra budgetary funds. We must study the issue of equipment as a long-term project, which requires congressional authorization.

[Barcelona] Will the commission studying the military reorganization program include representatives of the three Armed Forces branches?

[Camilion] Yes, as well as representatives from the Joint General Staff and the Defense Ministry.

[Barcelona] What about Congress?

[Camilion] No. We will have a closer contact with Congress. They will present their initiatives and ideas. Congress must approve certain laws allowing us to implement our programs. The reorganization must start with some kind of framework law, then we will need a law on military personnel. In August, the Senate Defense Committee will have a number of public hearings where anybody with something to say will be heard, including international experts.

[Barcelona] How long will the reorganization last?

[Camilion] It is a mid-term problem, but we can start the program very quickly. We must start coordinating some ideas for the next budget. Some things must be defined in the next few weeks.

Economy Ministry Discloses 1996 Budget Estimates

PY2507200395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1053 GMT 25 Jul 95

[FBIS Translated Text] Buenos Aires, 25 Jul (NA) — The Economy Ministry's projections for 1996, pursuant to next year's budgetary policy, show that annual inflation will run at 2.8 percent, the GDP will grow by 5 percent, and the trade surplus will amount to 807 million pesos.

This information is included in a document addressed to all federal government ministers. The document, which was drafted by the Economy Ministry, establishes "macroeconomic hypotheses" for the 1996 fiscal year and asks each ministry to submit its budget.

These estimates suggest the federal government will not grant any wage hikes in 1996, and will reduce the special contracts in force in 1995 by 30 percent.

Budget Under Secretary Marcos Makon reported that, according to the Economy Ministry's first estimates, next year's budget will total 41 billion pesos — similar to this year's budget after the 2 billion pesos cut-back.

The budgetary policy contemplates another reduction in employers' social security contributions by a minimum of 30 percent for the City of Buenos Aires and Greater Buenos Aires, and a maximum of 80 percent for the provinces of Formosa, Chaco, and Santiago del Estero.

The ministries must submit the information requested by the Economy Ministry before 18 August. The economic

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team must then assess this information in record time, as the budget has to be submitted to Congress by 30 September.

Budget projections for 1996 indicate that exports will amount to 23.627 billion pesos while imports will be around 22.820 billion pesos.

Based on these figures, the Economy Ministry expects to obtain an 807 million pesos trade surplus.

Estimates show the dollar-peso parity will not be modified, thus confirming the continuity of the Convertibility Plan.

The 5 percent growth in the GDP means an expansion of 319.799 billion pesos.

The document — signed by Cabinet Chief Eduardo Bauza and Economy Minister Domingo Cavallo — forecasts that the economy "will converge on present medium-term economic tendencies."

The document does not skirt around the issue of unemployment. It considers that overcoming "the lack of flexibility in the labor market and the high costs of hiring personnel stemming from excessive litigation" will have a positive effect on the productive process.

As for fiscal policy, the Economy Ministry will follow the same guidelines as in previous years, namely it will strive for balanced public accounts, put the financial house in order, eliminate unproductive outlays, and modify the tax system in order to boost productivity, the private sector's growth, and employment.

With regard to tax revenues, the chief sources of federal revenue will be Value Added Tax (VAT), personal and corporation income taxes, and payroll contributions, which together comprise "over 80 percent of all government receipts."

As for VAT, it is estimated that the three-point increase — which was ordered in April 1995 to offset the decline in tax collection triggered by the financial crisis — will be eliminated as of 1 April 1996.

VAT will thus be 18 percent for registered businesses and 9 percent for consumers.

Budget estimates — which the Economy Ministry has finished designing — forecast a 24.3-percent increase in income tax revenue, "as a result of supervisory operations to enforce payment."

The Economy Ministry believes the wealth tax revenue will rise to 2.35 percent of total federal revenues.

Cordoba Province Reduces Wages, Work Hours

PY2607010495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1343 GMT 25 Jul 95

[FBIS Translated Text] Cordoba, 25 Jul (NA) — Wage cuts and the reduction of work hours at the Cordoba Province administration became effective today. Both measures are contemplated in the Economic Emergency Law that was signed yesterday evening by the executive branch and published this morning in the official gazette of Cordoba Province.

The regulatory decree signed by Governor Ramon Mestre establishes a 40 percent reduction in public servants' working hours by dividing them into two shifts: one from Monday to Wednesday and the other from Thursday to Saturday.

Cordoba Police personnel and teachers are exempted from this measure.

The decree, moreover, mandates a 30-percent cut in the basic salary of public servants working at the provincial administration, decentralized and independent institutions, state-run companies, and the two state-owned provincial banks.

As for debt cancellation certificates (vouchers), the decree provides for a first issuance of vouchers for a total of 400 million pesos having a value of five, 20, 50, 100, 500, and 1,000 pesos each.

The Economic Emergency Law empowers the executive to issue certificates up to a ceiling of 800 million pesos, but for the time being only 400 million pesos will be issued.

These vouchers will be used for paying wages in the provincial administrations and settling debts with state contractors and purveyors.

Retail businesses in general have already announced their willingness to accept vouchers as a means of payment, but it has not yet been announced on what conditions they will honor them.

Rio Negro Introduces Financial 'Adjustment' Program

PY2507031295 Buenos Aires TELAM in Spanish 1100 GMT 22 Jul 95

[FBIS Translated Text] Viedma, 22 Jul (TELAM) — Rio Negro Governor Horacio Massaccesi has announced an adjustment program to overcome the financial maladjustments of this province. The adjustment program includes reducing wages in the three branches of provincial government.

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In a speech broadcast over a provincial radio and television network, the governor said: "We are overcoming the crisis in the public sector without giving up our federal concept, without auctioning off our assets, and without resorting to prescriptions involving huge social costs."

Among his measures, the governor mentioned the implementation of a "Solidarity Fund" [Fondo Solidario]. This "Solidarity Fund" will involve "saving a growing percentage of the highest wages in the three branches of provincial government for 12 months."

The governor explained: "These savings will be returned after 24 months through credits for the payment of provincial taxes."

Massaccesi will send to the provincial congress a social security reform bill, establishing "progressive emergency contributions in the benefits scale, which will not exceed 20 percent, thus supporting the principle and the belief of not surrendering the Social Security Fund to profiteering."

The "collection of the 40-percent allowance for those pensioners and retirees of the Social Security Fund who are living in an unfavorable area that is not south of the Colorado River" will also be removed.

The Rio Negro governor noted that these measures, along with a "strong restriction of telephone, rent, and travel allowances, will permit an immediate reduction of the provincial deficit by 50 percent, without significant social costs."

Satellite To Be Launched Late 1996

PY2607035595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2056 GMT 25 Jul 95

[FBIS Translated Text] Buenos Aires, 24 Jul [date as received] (NA) — The first Argentine communications satellite, the Nahuel I, will be put into orbit at the end of 1996, when a European Ariane rocket will take it into space from Kourou, French Guiana.

The announcement was made today by Claude Sanchez, press chief of Arianespace, the company that provides the launching services, during a news conference in a hotel in the Buenos Aires suburb of Recoleta.

The private enterprise came into being on 26 March 1980 with capital provided by 36 of the main European aerospace and electronics companies, 13 European banks, and the National Center for Space Studies of France.

Satellite communications in Argentina are currently handled through satellites that have been rented from other countries.

There have been 75 launchings since the inception of Arianespace, and only five of them were failures. It has signed 142 contracts to put scientific, communications, and meteorological satellites into orbit.

The commercial use of space is a good business for the Europeans because they estimate that they receive the not so despicable figure of $1 billion a year within the framework of a 50 percent participation in the world market.

Arianespace will place into orbit the Nahuel I, the first Argentine satellite that will orbit the earth, with a weight of 1,800 kg.

The commercial operations of the satellite will include overseeing the enterprise Nahuel Sat, which will sell the rights to transmit television images, data, and telephone calls.

The Nahuel will have an orbit that will allow it to cover an area slightly larger than Argentine territory, and it will be added to the 100 satellites that Arianespace has placed in orbit since its creation.

According to Sanchez, to send 1,000 kg into orbit with the Ariane 44L costs between $100 and $120 million. This gives a rough idea of what it will cost to place the Nahuel into orbit.

At present, the world market is essentially the monopoly of the Europeans and the North Americans, while the Russians and the Chinese have a much smaller participation.

Sanchez indicated that although at this time the greater part of the launching and operational services is required by Asian countries of the Pacific Basin, during the next few years the Latin American region will become an important client.

Brazil

Nuclear Cooperation Treaty With U.S. Approved

PY2507034095 Rio de Janeiro O GLOBO in Portuguese 22 Jul 95 p 22

[From "Economic Outlook" column by Miriam Leitao]

[FBIS Translated Text] Brazil has decided to sign a nuclear cooperation agreement with the United States. After three months of analyzing the U.S. Government proposal, the Strategic Affairs Secretariat and the National Nuclear Energy Commission yesterday sent the proposal to the Foreign Ministry to negotiate the terms of the agreement. Since the beginning of the military regime Brazil has lacked a nuclear agreement with Washington.

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Participation in UN Peacekeeping in Angola Viewed

PY2607020595 Sao Paulo AGENCIA ESTADO in Portuguese 1653 GMT 25 Jul 95

[By Nilton Horita]

[FBIS Translated Text] Sao Paulo, 25 Jul (AE) — The consortium comprised of the Norberto Odebrecht Construtora company and the U.S. firm Raytheon has won the $150 million bidding for the construction of infrastructure and support work for the UN troops, the Blue Helmets, that will comprise the peace group in Angola. Odebrecht leads the consortium and was chosen by the United Nations for its experience in construction work in Angola, while Raytheon was chosen because of its successful performance in supporting the U.S. troops' telecommunications infrastructure during the Gulf war.

Beginning in August, the United Nations will send 8,000 soldiers to Angola to ensure peace between the forces of President Jose Eduardo dos Santos' administration and opposition forces led by Jonas Savimbi. Brazil will participate in the operation with 1,100 soldiers. The program contemplates assistance to the UN troops for a period of three years, and includes the areas of telephone and radio services, food and water and fuel supplies, mechanical shop works, transportation, housing, and electrical energy. Nine companies from England, the United States, France, and Sweden participated in the bidding.

According to Odebrecht, the main political implication of this agreement is the admittance of a U.S. enterprise into Angolan territory. For Brazil, the importance lies in the signs that peace will return to Angola and reopen doors to trade exchanges between the two countries. Since interruption of the peace process in Angola, Brazil suspended the trade flow between the two countries, and is now negotiating a new trade agreement. Odebrecht has several projects in Angola that have been stalemated, and expects to resume them as peace becomes consolidated in the country.

Cardoso Asks Justice Minister To Review Legislation

PY2607032995 Sao Paulo AGENCIA ESTADO in Portuguese 2131 GMT 25 Jul 95

[By Claudia Carneiro]

[FBIS Translated Excerpt] Brasilia, 25 Jul (AE) — The legal mistakes the government made in drafting the provisional measure on deindexation of the economy were the last straw for President Fernando Henrique Cardoso, who scolded the economic team and decided to impose a new procedure for his cabinet. From now on, all legislation proposed by the executive branch will have to be examined by Justice Minister Nelson Jobim. Nothing can be sent to Congress before being reviewed by the jurist-minister in order to avoid problems with the judicial branch.

President Cardoso decided to admonish the economic team when he was informed by Minister Jobim himself — who was held responsible for drafting proposals for the government reform — that he had not even been given the text of the provisional measure on deindexation. Three days after the provisional measure was issued, Justice Sepulveda Pertence, president of the Federal Supreme Court [STF], deemed it unconstitutional because it made the figure of a mediator in salary negotiations mandatory and established productivity per enterprise and not per category.

When the courts granted victory to the PDT [Democratic Labor Party] in the preliminary ruling about the provisional measure's unconstitutionality, the president telephoned Minister Jobim demanding an answer. The justice minister answered: "The text did not even reach my hands, Mr. President." The economic team, which drafted the provisional measure, decided to consult only the Central Bank legal advisers and the advisers did not pay attention to the articles that were "rejected" by the STF. Minister Jobim realized the provisional measure had mistakes when Finance Minister Pedro Malan and Planning Minister Jose Serra were announcing its text to the media on 30 June. On 3 July, the STF ruled that the PDT was right to protest the provisional measure's unconstitutionality.

Irritated, President Cardoso warned the economic team that from now on, the texts of all provisional measures will have to be examined by the Justice Ministry. The decision also applies to all government organizations and includes draft bills, decrees, and other proposals. Blunders and disagreements among the members of the economic team have resulted in prestige being bestowed upon Minister Jobim, who also assumed the position of mediator in the dispute between Malan and Serra with regard to the fiscal reform. Jobim will be the final rapporteur of the proposal to be sent to Congress in August. [passage omitted]

Shifting Party Memberships of Deputies Viewed

PY1807160695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 95 p A4

[Article by Helena Chagas]

[FBIS Translated Excerpt] Brasilia — On the eve of a political and electoral reform that will discourage shifting party memberships and weaken smaller parties, the larger parties are striving to gain new con-

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gressional seats. During the six-month congressional period, 37 deputies shifted parties. For the most part the changes benefited government parties like the PSDB [Brazilian Social Democracy Party], which gained nine deputies, and the PFL [Liberal Front Party], which gained eight. Even the PMDB [Brazilian Democratic Movement Party], which had been passively witnessing efforts by the PFL and PSDB to attract its members, decided to react. During this six-month period the party lost four deputies, while gaining only one new seat. The number of PMDB deputies dropped from 107 to 104. With this reduction the PMDB runs the risk of being surpassed by the PFL as the party with the largest bloc in the Chamber of Deputies. The PMDB leader in the Chamber of Deputies, Michel Temer (Sao Paulo), said: "I was against the actions by the PSDB and the PFL, but we concluded that we have to react and work to increase the number of party lawmakers."

Like its government allies, the PMDB intends to profit by the possible approval of rules that will make the lives of smaller parties more difficult. Among such rules is the ban on proportional coalitions and the adoption of a minimum electoral performance. "The strategy to attract new deputies will succeed, especially if the new law on parties is approved," Temer said. [passage omitted]

THE DANCE OF CONGRESSIONAL SEATS

List of Deputies who shifted parties this year:

Deputy	From	To	Date
Adelson Ribeiro (Sergipe)	PMDB	PSDB	24/5/95
Affonso Camargo (Parana)	PPR [Progressive Renewal Party]	PFL	26/4/95
Antonio Feijao (Amapa)	PTB [Brazilian Labor Party]	PSDB	9/5/95
Ayres da Cunha (Sao Paulo)	PSDB	PFL	11/4/95
B. Sa (Piaui)	PP [Popular Party]	PSDB	9/5/95
Chico da Princesa (Parana)	PDT [Democratic Labor Party]	PTB	1/6/95
Cleonancio Fonseca (Sergipe)	PPR	PSDB	17/5/95
Couraci Sobrinho (Sao Paulo)	PL [Liberal Party]	PFL	11/4/95
Cunha Lima (Sao Paulo)	PDT	No party	18/5/95
Davi Alves Silva (Maranhao)	PFL	PMN [National Mobilization Party]	19/5/95
Franciso Diogenes (Acre)	PMDB	PFL	27/6/95
Francisco Rodrigues (Roraima)	PTB	PSD [Democratic Social Party]	2/2/95
Herculano Anghunetti (Minas Gerais)	PMN	PSDB	1/2/95
Joao Maia (Acre)	PP [Popular Party]	PSDB	9/5/95
Joao Mellao Neto (Sao Paulo)	PL	PFL	22/2/95
Jose Carlos Coutinho (Rio de Janeiro)	PDT	No Party	11/5/95
Jose Chaves (Pernambuco)	PSB [Brazilian Socialist Party]	No Party	8/6/95
Luiz Buaiz (Espirito Santo)	PDT	PL	13/2/95
Luiz Carlos Hauly (Parana)	PP	PSDB	9/5/95
Luiz Piauhylino (Pernambuco)	PSB	No Party	7/6/95
Magno Bacelar (Maranhao)	PDT	No Party	24/5/95

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List of Deputies who shifted parties this year:			
Marcia Marinho (Maranhao)	PSC [Social Christian Party]	PSDB	10/5/95
Max Rosenmann (Parana)	PDT	No Party	6/6/95
Melquiades Neto (Tocantions)	PPR	PMN	7/4/95
Odilio Balbini (Parana)	PDT	No Party	7/6/95
Olavio Rocha (Para)	PMDB	No Party	[No Date]
Oscar Galdoni (Mato Grosso do Sul)	PDT	PMDB	[No Date]
Pedro Canedo (Goias)	PP	PL	15/2/95
Raimundo Santos (Para)	PPR	PP	31/5/95
Raul Belem (Minas Gerais)	PP	PFL	16/5/95
Roberto Brant (Minas Gerais)	PTB	PSDB	20/6/95
Robson Tuma (Sao Paulo)	PL	PSL [Liberal Social Party]	13/6/95
Ronivan Santiago (Acre)	PPR	PSD	6/4/95
Saulo Queiroz (Mato Grosso do Sul)	PSDB	PFL	6/6/95
Vicente Cascione (Sao Paulo)	PL	PTB	1/2/95
Wilson Cunha (Sergipe)	PMDB	PFL	21/2/95
Ze Gomes Rocha (Goias)	PRN [National Reconstruction Party]	PSD	2/2/95

Lack of Demarcation of Indian Land 'Promotes Violence'

PY2507122895 Sao Paulo AGENCIA ESTADO in Portuguese 1406 GMT 22 Jul 95

[FBIS Translated Excerpt] Brasilia, 22 Jul (AE) — The Native Missionary Council (Cimi) and some congressmen have said the announcement of a modification of Decree No. 22 regulating Indian land demarcation promotes violence in conflictive areas, especially in north and northeastern Brazil. Indian defense organizations fear a review of land which has already been demarcated or which is being demarcation. They also warned of the serious consequences of the statements by Justice Minister Nelson Jobim, which provoked the invasion of Indian land in Rondonia, Maranhao, and Para States.

The 130 missionaries who represent the Cimi met last week and drafted a document in which they criticize the Indian policy of the Fernando Henrique Cardoso administration. The document states: "For the past six years an effort has been made to adopt norms that attend to Indian interests." The Cimi questions the modification of the decree and it quotes Article 231 of the 1988 Constitution on the defense of Indian rights. "It is inconceivable that the borders of Indian lands should be established with the help of citizens or even public organizations who dispute the same piece of land, its occupation, and domain."

Cimi Executive Secretary Francisco Loebens said the federal government favors regional and economic interests. "The modification of Decree No. 22 contradicts the promises made by candidate Fernando Henrique Cardoso. The government really wants to reduce the area of Indian lands," Loebens said. He believes there is no political will to solve the problem. "The demarcation of Indian land is foreseen in the 1988 Constitution, the decree was passed in 1991 and so far dozens of areas have yet not been demarcated," Loebens regrets. The Cimi document also charges that the government is allegedly modifying Decree No. 22 to use it as an instrument to exchange favors with congressmen interested in reducing the size of Indian lands. [passage omitted]

President Guarantees Demarcation

PY2507123795 Sao Paulo AGENCIA ESTADO in Portuguese 1401 GMT 22 Jul 95

[FBIS Translated Text] Brasilia, 22 Jul (AE) — President Fernando Henrique Cardoso last week guaranteed — through spokesman Sergio Amaral — that Indian

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land that has already been demarcated by the government will not be annulled. Concern over the possible alteration of already demarcated land has come from Indian protection organizations since the Justice Ministry is questioning the Federal Supreme Court (STF) the decree that regulates this subject. Amaral said: "The president is committed to the demarcation of Indian land."

The presidential spokesman said the Federal Supreme Court is examining the decree because there are signs that it could be unconstitutional, given that it does not foresee "the principle of objection" (the right of land owners or occupiers to question confiscation) during the demarcation process. Amaral said: "The demarcations that have already been concluded, however, will not be affected by an eventual revision of the decree," adding that land owners or occupiers are not heard during the confiscation process. This right, however, can be questioned in court.

Colombia

Botero Views Main Topics at Williamsburg Summit

PA2507143795 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Jul 95

[Telephone interview with Defense Minister Fernando Botero in Williamsburg, Virginia, by Diana Montoya at Caracol's International Information Center in Miami on "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Montoya] The focal point for the American Continent today in the United States is in Williamsburg, State of Virginia, where defense ministers of the United States, Canada, and 32 other nations are meeting to discuss problems shared by all these countries, that is, human rights, drug trafficking, and the role of the military in democracy. To learn how the meeting is evolving, we have established contact this morning with Defense Minister Fernando Botero before he leaves for a meeting. Minister Botero in Williamsburg, good morning.

[Botero] Good morning, Diana.

[Montoya] How has the meeting evolved until today, Mr. minister?

[Botero] The truth is that the meeting itself has not yet started, because we simply had a welcome reception yesterday. Today is when we will probably address the topics. There are undoubtedly topics of great interest and importance for our country, that is, drug trafficking, of course, human rights, and the guerrillas. I think that this is a great opportunity for Colombia to make a frontal presentation of the guerrilla problem, to request international cooperation to defeat the guerrillas in Colombia, and also to demonstrate that one of the major problems of regional security in the hemisphere has to do precisely with the Colombian guerrillas. For all these reasons, this Williamsburg meeting could be very important for Colombia.

[Montoya] Minister, one of the topics that is precisely of interest not only to Colombia, but to all countries attending this meeting is how the Armed Forces of many countries affect and influence the activities of the government, of the countries. In Colombia's case, what aspects will you specifically touch with regard to this topic?

[Botero] I have two topics that I will talk about, that is, human rights and drugs. As for the relationship between the military forces and the government, we perhaps have a relative advantage over many other countries, because Colombia already has a civilian defense minister. Many countries attending today's meeting continue to have military defense ministers, and this has its advantages and disadvantages, but undoubtedly, this makes the relationship between the military forces and the civilian government a little more difficult.

[Montoya] As for the drug trafficking problem, which you will discuss during a speech before your colleagues today, is it very important, in other words, are they giving it much important?

[Botero] It could turn out to be the most important topic. I think that one of the most important aspects of the meeting has to do with the mechanisms that the military forces could use in the future to dedicate increasingly larger portions of their budget and efforts to the struggle against drugs. In the post-Cold War era and given that there is no threat of an invasion or foreign threats on the Western Hemisphere, to a certain extent many of the armies and military forces will have to fight another enemy, that is, drugs. This is precisely one of the topics that will be delved into on this day.

[Montoya] Minister, we thank you very much for this conversation at this time of the morning with "Caracol's 0600 to 0900" newscast. We were told that there is an infernal heat over there, is this true?

[Botero] Yes, it seems that a record high will be established, above 100 degrees Farenheit, here in Williamsburg. From every standpoint, this will be a complicated meeting.

[Montoya] Can you dress casually or will you have to wear a tie?

[Botero] No, unfortunately, I will wear a tie.

[Montoya] Let us hope the heat wave, which is very strong in the United States these days, will not affect you.

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[Botero] Thank you very much, Diana.

[Montoya] Minister, thank you very much. That was Colombian Defense Minister Dr. Fernando Botero, who is attending a meeting of defense ministers of 32 nations in Williamsburg, State of Virginia. This is currently the most important news for America from the United States.

Ministry Denies Request for Troops

PA2507235595 Madrid EFE in Spanish
2250 GMT 25 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 25 Jul (EFE) — The Colombian military forces today clarified that at the Williamsburg (Virginia) hemispheric meeting, Defense Minister Fernando Botero Zea has not requested troops to fight communist guerrillas.

General Eddy Pallares Cotes, who has been left in charge of the Defense Ministry during Botero's absence, said in Santa Fe de Bogota that the support Colombia will receive from other countries involves logistics and communications.

"That is what Minister Botero said, and not, as some want to infer, that this international aid would include the deployment of troops from that country (the United States)," Pallares said. Any possible intervention by foreign troops in Colombian territory must receive the approval of the Congress, the official stated.

On Saturday, before traveling to Williamsburg, Botero said he would ask his colleagues from other countries in the region for aid and solidarity in the struggle being waged by this Andean nation against the armed communist movement. The defense minister formally made this request to the 31 defense ministers of America who have been meeting since Monday in the U.S. city. Some Colombian sectors have interpreted this as a request for foreign troop involvement in the struggle against the guerrillas.

Two large guerrilla groups — the Revolutionary Armed Forces of Colombia (FARC) and the Army of National Liberation (ELN) — and two dissident groups of the disbanded Popular Liberation Army (EPL) and the 19 April Movement (M-19) are still active in the country.

U.S. Acknowledgement of Drug Struggle Hailed

PA2607014195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish
0000 GMT 26 Jul 95

[Video report by Daniel Rocha via satellite from Williamsburg, Virginia; from the "Seven O'Clock Newscast"]

[FBIS Translated Excerpt] The second day of sessions at the hemispheric summit of defense ministers in Williamsburg, Virginia, began today under tight security. [passage omitted]

U.S. Vice President Albert Gore also participated in today's session. He devoted a considerable part of his speech to the issue of drug trafficking, and he acknowledged the Colombian Government's efforts.

[Begin Gore recording, in English fading into Spanish translation] We applaud the work of President Samper and Defense Minister Botero in Colombia for standing up to traffickers at great personal risk, showing tremendous bravery. We are doing our part in the United States. [end recording]

National Police Director General Rosso Serrano commented on the struggle against drugs.

[Begin Serrano recording] I believe this acknowledgement of efforts made by the president and the minister in the struggle against drug trafficking is very important. For the first time ever, a ranking U.S. Government official has publicly acknowledged this great effort. [end recording]

Colombia is among a group of countries attempting to increase hemispheric security. Drug trafficking is still one of the most controversial issues at international summits. However, today 34 countries seem to be reaching an agreement to deal with this scourge.

Defense Minister Welcomes Gore Remarks

PA2607013095 Madrid EFE in Spanish
2330 GMT 25 Jul 95

[FBIS Translated Excerpt] Williamsburg (United States), 25 Jul (EFE) — Colombian Defense Minister Fernando Botero today said U.S. Vice President Al Gore's praise for Colombia's struggle against drug trafficking is recognition that Colombia has made "a very great effort." [passage omitted]

"We are pleased. This is recognition of the very great effort the government of President Samper has made in the struggle against drug trafficking," Botero told a group of reporters. The minister added that this "encourages us to continue working very resolutely

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until we achieve the total eradication of this Colombian problem" before 1998, when President Samper's term ends.

Botero also returned Gore's compliments, saying the United States, which has been severely criticized in the past for not achieving a reduction in demand for illegal drugs, "has struggled against consumption and has cooperated with Colombia" in this regard. The minister indicated that his country's successes in the struggle against drug traffickers "are in part the result of the bilateral cooperation that must be strengthened and maintained in the future."

In his speech, Gore invited the armed forces of the region to participate in the rearguard in the war against drug trafficking, which he termed a "cancer" that threatens to corrode society. "Although one cannot expect our Armed Forces to be in the front lines of this struggle, they can join, through words and actions, their brave colleagues (the police) in the struggle against drugs," Gore said in his speech.

According to Botero, the vice president's proposal received "majority but not unanimous support" from the defense ministers of 32 of the 34 regional democracies. The exceptions were the defense ministers of Argentina and Chile, who expressed their reservations. Botero described this nearly unanimous support as "one of the great results" of the Williamsburg meeting. [passage omitted]

Samper Campaign Reportedly Funded by Cartel

PA2607023295 Madrid EFE in Spanish 2124 GMT 25 Jul 95

[FBIS Translated Text] Santa Fe de Bogota, 25 Jul (EFE) — Radio Cadena Nacional (RCN) today reported the Colombian Prosecutor General's Office has evidence the Cali Cartel infiltrated the 1994 elections. There is also a check drawn in the name of Santiago Medina Serna, campaign treasurer of Ernesto Samper, then-Liberal Party candidate and now president of the Republic.

On Monday, the weekly SEMANA published a photocopy of a check for the equivalent of $50,000 drawn in the name of Medina, treasurer of Samper's electoral campaign. Samper won the 19 July 1994 presidential elections.

The weekly also published copies of lists that were seized during searches of Cali drug traffickers' residences and which included the names of several politicians and soccer players who had received payments from Cali Cartel kingpins. Government sources quoted by RCN, however, today said the 40 million pesos (some $50,000) check drafted in Medina's name by Agropecuaria La Estrella (an enterprise owned by the Cali Cartel) "is not the only evidence of the presence of Cali Cartel money in the electoral campaign." According to these sources, the evidence was gathered during searches of various properties owned by Cali Cartel kingpins and also supplied by "numerous people" who have testified at the Prosecutor General's Office.

The sources added that, according to official investigations, 4.2 billion pesos ($5 million) was spent in Samper's presidential campaign. This is 200 million pesos ($22.7 million) [figures as published] more than the largest sum legally authorized for a presidential campaign.

Medina, the former treasurer of the Liberal Party campaign, who owns an antique shop, stated at the Prosecutor General's Office that he had returned the check to the head of Samper's electoral office in Cali, Jorge Herrera Barona, who is also president of the Colombian Olympic Committee, with instructions to deposit it in a local bank. Those investigating the scandal said the heads of Samper's campaign office who were aware of the Cali drug traffickers' donations will be summoned to testify as their names are confirmed.

According to the sources, those who will probably be summoned to testify at the Prosecutor General's Office include Defense Minister Fernando Botero, who acted as manager of Samper's electoral campaign and is currently attending an regional meeting of defense ministers in Williamsburg.

Lawyers participating in the so-called "8000 Proceedings," in which more than 15 congressmen, soccer players, sports leaders, and journalists are being investigated for alleged illegal enrichment via the Cali Cartel, said this new scandal exceeds the seriousness of the narcocassettes. The latter scandal involved tapes discovered in June of last year, when Samper won the elections over Conservative Party candidate Andres Pastrana. In the tapes, the voices of Miguel Rodriguez Orejuela and his brother Gilberto, who was captured in Cali on 9 July, can be heard talking with newsman Alberto Giraldo, who turned himself in to authorities in April, about offers of funding to Samper's and Pastrana's campaign offices.

Colombian Prosecutor General Alfonso Valdivieso agreed with the lawyers that the new scandal is stronger evidence than the narcocassettes.

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Medina To Testify on Samper Campaign Fund

PA2607032295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 26 Jul 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The news that the investigation into the infiltration of drug trafficking money in last year's presidential campaign will be expanded has elicited a great deal of interest. It has been reported that, within the next few hours, Santiago Medina, the former treasurer of Ernesto Samper's presidential campaign, will be formally summoned to testify.

Within the next few days, Medina will have to testify under oath. He will have to account for the 40 million pesos handed over to Samper's campaign by one of the enterprises owned by the Rodriguez Orejuela brothers. He will also have to answer questions that have arisen as the result of the Prosecutor General's Office findings and statements by other people. Judicial sources also said other people responsible for the management of Samper's campaign money, including everyone on the Financial Committee, which included Defense Minister Fernando Botero, could also be summoned to testify.

[Begin recording] [Unidentified reporter] Will the president of the Republic and the defense minister also be summoned?

[Prosecutor General Alfonso Valdivieso] I have already answered that question. I have not confirmed that they will be summoned. All I have said is that this possibility cannot be ruled out. I wish to reiterate that I have not said this will happen. I want to make it clear that this decision can hardly be made in such a heated climate. [end recording]

The authorities can determine the responsibility of those who managed Samper's campaign funds only after Medina testifies. Other campaigns that presumably received money from drug traffickers will also be investigated.

In addition, Defense Minister Fernando Botero answered a question asked by this station's correspondent in Williamsburg, Virginia, where Botero is attending a continental summit of defense ministers.

[Begin recording] [Unidentified reporter] This morning, Radio Cadena Nacional reported that Medina is facing legal problems with the Prosecutor General's Office and that you would be summoned to testify. What do you think about this matter, which involves the treasurer of Samper's campaign? Will this situation force you to step down as defense minister?

[Botero] I have nothing to say except that, if the Prosecutor General's Office requires any information, I will be available to give such information when I return to Colombia. [end recording]

Study Shows Extent of Guerrilla Expansion

95CA0306A Santa Fe de Bogota EL TIEMPO in Spanish 9 Jul 95 pp 1, 6B

[Article: "Guerrilla Activity: Rapid Expansion"]

[FBIS Translated Text] Between 1991 and 1994, the FARC [Revolutionary Armed Forces of Colombia] have increased their municipal presence by some 28 percent, the ELN [Army of National Liberation] by some 51 percent, and the EPL [Popular Liberation Army] dissidence by some 45 percent.

As of 1985 there was a guerrilla presence in 173 municipalities. As of today, this figure has risen to 569, or more than half the country's total existing number of municipalities.

"Table 1. - Guerilla Activity: Municipal Presence" lists the municipalities with a guerrilla presence according to structures and degrees of development. As is evident, those pertaining to the urban structure have not been exempt, although the pressure exerted on the population by the guerrilla presence in these zones is less by far than in the rural and isolated zones.

Table 1. - Guerrilla Activity: Municipal Presence

Number of Municipalities per Department	FARC		ELN		EPL	
	1991	1994	1991	1994	1991	1994
Atlantico		2	3	3		

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Quindio		4		1		
Risaralda		4		1	2	
Caldas	3	14	1	1	4	
Amazonas	1	4				
Valle	5	16	6	15		1
Cundinamarca	21	46	1	1		1
N. Santander	9	17	18	24	9	10
Casanare	10	16	6	9		
Cordoba	5	8	8		4	8
Guajira	2	3	1	3	1	1
Magdalena	4	6	2	9		4
Sucre	3	4	14	10		1
Meta	16	21				
Narino	16	21	1	8		1
Choco	7	9	3	9		
Santander	35	43	17	32		5
Arauca	5	6	3	6		
Tolima	24	28	1	3		
Bolivar	7	8	11	14		1
Huila	27	30	9	9		
Boyaca	42	44	3	6		
Caqueta	15	15				
Cauca	25	25	6	14	4	3
Guaviare	1	1				
Vichada	1	1				
Vaupes	1	1				
Antioquia	57	55	40	49	21	33
Putumayo	5	4		2		
Cesar	16	12	12	22	4	2
NATIONAL TOTAL	363	464	166	251	49	71

(Graphics: Diseno Editorial/EL TIEMPO)

The most heavily influenced by the subversion are the land settlement sectors. In 1985, its presence extended to 62 percent of the municipalities in the interior settlement zones, and to 44 percent of the border settlement municipalities. Today, it extends to 93 percent and 79 percent, respectively.

Between 1966 and 1994, the sectors in which guerrilla activity made its presence felt and in which it sought support varied considerably. Able at the outset to count on the support of the settlers, and to exert pressure on the cattle farmers and rural businessmen, it has gained the support of the farm workers and laborers, and in

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sectors not on the same economic footing as the oil industry, such as gold, bananas, African oil palm, coca, and poppy.

Today, pressure by means of kidnapping, extortion, threats, and assassinations is being exerted on persons in the lower economic strata that do not support the guerrillas, and on representatives of the gold, oil, banana, and cattle industries, by the drug traffickers and merchants.

The presence of armed organizations is greater in areas of high economic potential and in regions that have been settled without planning of any kind and where law enforcement has lagged. Typifying these characteristics are Bajo Cauca, Magdalena Media, and Uraba in the department of Antioquia; the Sinu and San Jorge river valleys in the department of Cordoba; the southern part of the departments of Bolivar and Cesar; Magdalena Medio of the department of Santander; and extensive areas of Boyaca, Norte de Santander, Casanare, Arauca, and Caqueta.

Coca and Expansion

The compounding of guerrilla activity with illicit farming explains the growth of guerrilla fronts from 14 to 105 between 1978 and 1994.

In 1982, the FARC and ELN began reorganizing their fronts to increase their influence in zones with greater economic potential, rather than concentrating further on land settlement regions.

FARC fronts have risen from 15 in 1982 to some 60 today. And the ELN's three fronts in 1982 have grown to 32 active fronts today. As shown in our "Table 2. -Guerrilla Activity: Number of Men and Fronts," these two factors have increased since the start of peace dialogues in the country.

Table 2. - Guerrilla Activity: Number of Men and Fronts

Year	FARC		ELN		EPL		Total Guerrilla Presence	
Men	Fronts	Men	Fronts	Men	Fronts	Men	Fronts	
1991	5,600	49	1,800	24	200	7	7,673	80
1992	5,805	50	2,080	25	210	7	8,170	82
1993	6,385	55	2,436	29	550	10	9,455	94
1994	6,966	60	2,710	32	715	13	10,483	105

(Graphics: Diseno Editorial/EL TIEMPO)

Guerrillas and other armed groups are also found in the municipal areas where poppy is produced, and in these zones violence is particularly high, agrarian conflicts continue, and the drug traffickers are buying up land at an accelerated rate.

Thus, of the 174 municipalities in which poppy is grown, guerrilla presence is found in 123 (70 percent), and paramilitary groups in 46 of them (26 percent for certain); land is being bought intensively by drug traffickers in 37 (25 percent) of them; and 69 (39 percent) are characterized by high levels of violence such as guerrilla actions and high rates of homicide, assassination, and kidnapping.

According to this study, "poppy has not only become a source of revenue for the guerrillas, but the paramilitary organizations are also deriving funding from its cultivation."

In Tolima, for example, the armed organization called "Rojo Alta"—which operates in the municipalities of Rioblanco, Planadas, and Ataco—is active in the poppy business, and fosters the displacing of settlers and farm laborers from coca zones so as to organize them around the production of poppy and the collecting of latex.

Violence and Development

Based on Dane's types of municipalities, the study classifies the country's municipalities as violent, peaceful, and relatively peaceful.

Thus, of the country's 340 municipalities with the highest homicide, assassination, and kidnapping rates, or affected by armed conflict, 187 are characterized by a guerrilla presence, 7 by the presence of paramilitary groups, and 45 by the presence of both. The mere presence of illegal armed organizations "appears sufficient

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to unleash or exacerbate violent processes," the study finds.

On the other hand, the study finds that 183 of the country's municipalities were peaceful between 1987 and 1992; that is, that they were not affected by the presence of organizers of violence, illicit cultivations, persistent social conflicts, or high indices of violence.

The relatively peaceful municipalities—those where levels of violence are not high but the presence of operators or factors generative of violence is known—total 456.

The study concludes that "high levels of violence do not automatically generate situations of social conflict and violence, as has often been argued."

What is perceived in the municipalities is less an ideological conflict than a dispute over the domination of land and the fruits of highly profitable economic activities. Conflicts and violence are more frequent in areas of greater dynamism; and conversely, the absence of conflicts and violence is greater in the municipalities characterized by lesser development and a lower level of economic activity.

This study was presented by Camilo Echandio of the Office of the Presidential Advisor for Peace, at the seminar on "Factors of Violence in Colombia" organized last year by the National Planning Department.

Sources: The study on violence and municipal structures, with information regarding 1985, carried out by Libardo Sarmiento Anzola. "Poverty, Violence, and Inequality: Challenges for the New Colombia," published by the PNUD [UNDP: UN Development Program] in 1991. "Violence and Development in the Colombian Municipality 1990-1993," by the Presidency of the Republic, Santafe de Bogota de Bogota, 1994. An analysis of the causes and effects of the recent surge in the production of poppy, presented in C. Echandia's "Poppy in the Colombian Tradition. Production for Speculation. Regional Booms and Violence," Santafe de Bogota, 1994.

"The Region and Conflict in the PNR-PNUD [National Rehabilitation Plan-UNDP] 1992," Lu

Ecuador

Duran-Ballen Announces Investigation Into Bank Accounts

PA2407231795 Quito Voz de los Andes in Spanish 1700 GMT 24 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Announcing the investigation into the bank accounts of top officials of the executive, legislative, and judicial branches, President Sixto Duran-Ballen took a step forward in the fight against corruption.

Duran-Ballen's decision was announced last night after Vice President Alberto Dahik admitted to a group of reporters that the government had given money and granted posts in order to prevent the vetoing of favorable bills by the relevant organizations. A major legislative bloc presumably demanded budget allocations of approximately $83.3 million for various purposes as a precondition to approve fundamental laws for the country's progress and future. The government had no choice but to accept this demand, Dahik said last week.

Breaking his long silence about charges of bribery made against Dahik by several deputies, Duran-Ballen said certain people have lashed out against the vice president only because he dared to denounce what Ecuador had desperately restated in past decades, but they have no real intention of eradicating this scourge; that is, corruption.

Corruption, Duran-Ballen said, has led to a stifling problem of governability, and its expansion has seriously jeopardized our democracy and the cohesion we need as a society, the reason why, the president announced, he will ask for the indefinite suspension of the Bank Secrecy Law regarding the personal and joint accounts of key players of the three government branches during the past 15 years. This measure will include presidents and vice presidents of the Republic, ministers, deputy ministers, general directors, advisers, comptrollers, attorneys general, superintendents, and deputies.

Army Chief Denies Troop Movement Along Peruvian Border

PA2507193295 Quito Voz de los Andes in Spanish 1700 GMT 25 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Army Chief General Paco Moncayo has denied Peruvian press reports on alleged movement of Ecuadoran troops along the border line. He stated every action that may be misunderstood is being avoided. Paco Moncayo affirmed there is absolutely nothing in this regard, adding Ecuador is trying to avoid any extraordinary exercise or movement that may be misunderstood in the two countries, in keeping with the binational spirit of detente.

The report by yesterday's edition of Lima newspaper EL COMERCIO cited Peruvian residents as saying that the alleged mobilization of troops in several localities

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of El Oro Province, Ecuador, began four days ago and stepped up last Sunday.

Paco Moncayo stated there is misinformation from Lima's newspaper EL COMERCIO, because what is really taking place at the border is work to remove mines, obviously not planting of mines. He concluded that they may perhaps be referring to the Ecuadoran soldiers permanently stationed in the Ecuadoran border.

Defense Ministry Terms Troop Movement 'Routine Maneuvers'

PA2507193495 Mexico City NOTIMEX in Spanish 1532 GMT 25 Jul 95

[FBIS Translated Text] Quito, 25 Jul (NOTIMEX) — The Ecuadoran troop movements at the border with Peru are routine maneuvers conducted in that region, Defense Ministry sources have reported.

That statement came in response to reports from Lima of an unusual deployment of Ecuadoran soldiers in El Oro Province on the border with Peru.

Ecuadoran sources said the movements are routine maneuvers conducted at certain times of the year and denied there was any cause for concern on the matter.

Ecuador and Peru went to war last February and are now in the midst of a peace process with the mediation of Argentina, Brazil, Chile, and the United States, guarantor countries of the Rio de Janeiro Protocol.

This protocol was signed by Ecuador and Peru in 1942 to demarcate the border between the two countries.

The Ecuadoran Foreign Ministry confirmed yesterday that it is studying a proposal presented by Peru on demilitarization of the conflict zone, a topic on which differences prevail.

General Carlos Calle, head of the newly created Ecuadoran 4th Military Division, said last weekend that over the past three weeks there have been serious skirmishes between patrols but no deaths or casualties.

He termed these incidents a logical consequence of last February's war, while Ecuadoran authorities have downplayed the possibility that these incidents signify the war is flaring up again.

Dahik Discusses Fiscal Gap, Other Economic Issues

95SM0417A Quito EL COMERCIO in Spanish 18 Jun 95 p A10

[Interview with Vice President Alberto Dahik by EL COMERCIO deputy director Jorge Ribadeneira, economic editor Hernan Ramos, and political editor Ana Karina Lopez, in Quito; date not given]

[FBIS Translated Text] The new vice presidential offices—in the old Post Office Building—have changed his life. In these bright and modern offices, he has greater contact with the president of the republic: he only has to walk down a corridor to talk with him.

In person, Alberto Dahik looks younger than in photographs, shorter, and less imposing. His office decor—he has 40 scale models of planes behind his desk and three plastic models—conveys that youthfulness. In his style of dress he seems somewhat austere: checked jacket, black pants, and a red tie. And his watch is a well-known brand.

When he speaks, his youth is concealed. His speech is austere and it is hard to know what he is thinking behind his dark eyes. He is now an old hand in politics and he measures the people with whom he speaks. That is why he rephrases questions, to find out just how much they know or to determine what reaction his words may arouse. A theatrical effect? Some lines of questioning irritate him, but he does not explode. Instead, he rewords the phrases and adjusts them in the way he thinks is correct.

[EL COMERCIO] How much did the war cost?

[Dahik] It is not prudent to give an exact figure; Congress knows the answer.

[EL COMERCIO] Teresa Minuche, a former deputy from your party (PCE [Conservative Party of Ecuador]), said that the war cost $300 million, not the $350 million the government claims; mobilization probably cost $28 million. Do you confirm that figure?

[Dahik] Obviously, the higher cost is for equipment. She does not have the full information. The only ones who do are the deputies. It cannot be published.

[EL COMERCIO] How much of the fiscal gap is due to the conflict?

[Dahik] All of it. The government has introduced a number of measures to close it: the vehicle tax, the budget cuts; but there is still a deficit. Congress has an obligation to negotiate.

[EL COMERCIO] And it is 1.35 billion, as you have said from the start?

[Dahik] That was the total gap, and steps have been taken to reduce it; It is now 1.5 percent of the GDP [Gross Domestic Product], more or less.

[EL COMERCIO] If the numbers have changed from 3 percent of the GDP to 1.5 percent, does that mean electricity rates will not be raised?

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[Dahik] Obviously, if this revenue is generated by measures passed by Congress, either through a law on Emetel [Ecuadoran Telecommunications Enterprise], from additional taxes or technical reforms in certain tax laws, then it will not be necessary to negotiate increased rates.

[EL COMERCIO] For a limited fiscal gap, some very broad measures have been taken. What will happen to the funds collected after that gap is covered?

[Dahik] Aside from that gap, Ecuador saves only 17 percent of the GDP, and the rest has to be supplemented by external savings. It will not be possible to sustain growth rates of 7 or 8 percent in the future, which is what is needed on a permanent basis to achieve adequate levels of development. So Ecuador will in the future have to substantially improve its tax collections and other sources of revenue in order to reduce this gap in relation to other countries.

[EL COMERCIO] Will the government take other measures to boost domestic savings?

[Dahik] The technical reforms which have been introduced in Congress will make it possible to substantially increase tax control. We see that as a way to increase resources. If rates for international calls are reduced and domestic calling rates are raised—a great distortion—that will also generate resources and savings for the state.

[EL COMERCIO] Will there be other measures like the latest ones which were taken?

[Dahik] Of course not, because the economic program—if the gap is closed—is programed to maintain equilibrium for 1996.

[EL COMERCIO] The government has introduced measures and then backed down. Why this inability to seek consensus first?

[Dahik] Every time the government said there was a gap, Congress answered that it would create no new taxes. That is why we have these measures, for the best way was rejected: eliminating certain VAT [Value Added Tax] exemptions. Now Congress has decided to join in looking for a solution.

[EL COMERCIO] Gustavo Larrea suggested alternatives. The president acknowledged this on television.

[Dahik] The fact that Deputy Larrea suggested alternatives is one thing. But publicly the parties have refused to deal with this. A bill could not be introduced which had been already rejected by the majority.

[EL COMERCIO] On other occasions you have had to back down: three calls for a referendum, the agrarian law—and now these measures. What is going on with the government's political strategy? Do you not have a minister of government?

[Dahik] What is a minister of government? Someone who gets press coverage or someone who produces results?

Let us look at the record: Aztra [American Tropical Sugar Mill, Inc.]; privatized; Cemento Selva Alegre: privatized; Cemento Nacional: disinvested; Enprovit [National Enterprise for Vital Products]: government holdings reduced to a minimum; Cemento Chimborazo; in the process of being sold; Ecuatoriana; on Friday the final proposals were received; and the gasoline companies have foreign and private investment. I believe what has been accomplished is extraordinary. The big changes depend on two laws: the electrification bill and the telecommunications bill.

[EL COMERCIO] Why has the government been weak in its handling of the telecommunications and electrification bills?

[Dahik] Even with its small number of deputies, the government has brought about great political reforms. And if we look at the results, this numerical weakness has been transformed into a strength in terms of performance and results.

A strategy based on the resources available is possible; in Congress there is no government legislator in the legislative committees.

[EL COMERCIO] Why did the government change its mind about paying the IESS [Ecuadoran Social Security Institute] debt? First it said yes, then no, and later it said maybe...

[Dahik] The government did not change its mind. "Pay" is a word that can have different connotations. When it said it was not going to pay, it meant that a debt which has accumulated over years cannot be paid off with just this year's resources.

That does not mean there is no intention of reaching a settlement. What was discussed? An arrangement for fiduciary papers to be issued that will cover the government's liabilities to the IESS within a reasonable time. There is no contradiction. It is a recognition that it will not be done right away.

[EL COMERCIO] What will the amounts and the terms be?

[Dahik] It will be paid off properly. That means that a number will be selected—which is already arranged, but it is not appropriate to announce it yet to the nation. There will be a fiduciary paper containing certain special

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conditions, which guarantees the IESS an adequate return and payment security.

[EL COMERCIO] When?

[Dahik] It will be resolved this year. It will consolidate, cover, and guarantee payment of the debts accumulated by former governments.

[EL COMERCIO] The government has wanted to reform the IESS for three years, without results...

[Dahik] Congress must pursue modernization. Let us hope a consensus is reached so that the reform will give sufficient assurance of a radical change. Strengthening the IESS is not taking a step backward. It is complying with the government's obligations, insofar as appropriate, as the IESS is an autonomous institution.

[EL COMERCIO] But strengthening the IESS is not part of the government's policy. It is taking a step backward.

[Dahik] We never called for its disappearance, but rather its demonopolization.

[EL COMERCIO] The judicial sector is on strike. Are you going to give them the funds they are asking for?

[Dahik] The judiciary, like all the other sectors, has to realize that we have had a war. Here it seems that society and especially certain sectors—for political and preelection interests—want to destabilize society, no matter what the current government is. It seems that after the conflict they expect to get a check.

That sector will receive what in fairness it should get. It will depend on negotiations between the finance minister and the judiciary.

[EL COMERCIO] What about the 60 million for health care?

[Dahik] Every sector will get what is possible. We need to realize that it is not feasible for people to demand a decline in inflation, a stable economy, and a bonanza after a conflict.

[EL COMERCIO] You are the target of criticisms about the measures. How are you dealing with that?

[Dahik] Criticisms do not bother me. I am not in the government to be criticized or not be criticized, but to fulfill my obligation, which is to assist the president.

Criticisms may come from any sector. My conscience is at ease.

[EL COMERCIO] Will the policy of frozen wages be continued?

[Dahik] They were never frozen.

[EL COMERCIO] But they are low.

[Dahik] Despite the criticisms and the war's impact, the government will continue its successful policy of improving real wages until the end of this term. That is one of the government's major social achievements, which is based on the decline in inflation and the rise in real wages. This is a social measure that benefits all Ecuadorans.

In addition, we have built decentralized education centers, water supply systems, local roads, and upgraded basic services. In greater numbers than previous governments.

[EL COMERCIO] There is, though, a great misunderstanding between the Economic Front and the Social Front.

[Dahik] The government has suffered from a lack of communications policy.

[EL COMERCIO] What are you doing in the Emelec [Ecuadoran Electric Power Enterprise] negotiations?

[Dahik] I have made a commitment to my city and to the nation. It is unacceptable that for 14 years, under four governments, no solution has been found for that company.

It has not even been possible to apply two judicial rulings. Taking a patriotic approach, the president has instructed his officials to solve this problem. In my capacity as vice president I have had talks so that the technical negotiations with officials of Inecel [Ecuadoran Institute of Electrification] and the electricity company will continue, and so that the contract can be definitely worked out, which the city of Guayaquil needs so much.

In that sense, I have talked with and I will continue to talk with Emelec officials. But negotiations that entail revising numbers and contracts can not be done by the vice president because of time problems. What the vice president can do is orient the process. I have promised to continue to promote this process.

[EL COMERCIO] What numbers are you working with on the debt between the state and Emelec?

[Dahik] Even if the arbitration panel decides that the debt is in Emelec's favor, I assure you that after checking the accounts, Emelec is going to pay the state. That is going to be one of the axes of the negotiations.

[EL COMERCIO] A former president says that the level of the debt is being raised for the purpose of profiteering. What do you think?

[Dahik] Every thief judges by his own behavior.

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Dahik the Politician

[EL COMERCIO] What is your goal after the end of this government?

[Dahik] The president of the republic was good enough to choose me as his running mate; my only goal is to carry out that mandate, which would not have been possible if he had not chosen me.

[EL COMERCIO] People who have recently left the PCE say that you have changed the party. What is it now: neoliberal or neoconservative?

[Dahik] There is no doubt that the Party has changed. When I joined the party it had 20,000 votes. Now we have seven deputies.

The PCE has the enormous satisfaction of being in recent years the party that has been the most clearly and definitely identified with change, with modernization. It is the party that is least impeded by immobilism. In fact, it is the party that has generated the most controversial ideas.

[EL COMERCIO] Why did you take over the party leadership? What is the political intent behind that?

[Dahik] Because the Assembly asked me to. My clear political aim is to finish my term on 10 August 1996. After that, I will devote myself to my personal activities and also take a well-deserved rest, at least for a while. And I will think about the nation's problems with the same seriousness and objectivity I have always had.

[EL COMERCIO] The merger of the PCE and the PUR [Republican Unity Party] will produce the PCUN [expansion not given]. One of the resolutions for this merger is that the president should be president for life of the party.

[Dahik] He already is.

[EL COMERCIO] So, as you suggested during the campaign, the president has become a conservative.

[Dahik] Just as I am a purist now.

[EL COMERCIO] And what about Alicia Duran Ballen?

[Dahik] She is a well-known and beloved member of the party, so she is in the same group as the president and the vice president.

[EL COMERCIO] And Susana Duran Ballen?

[Dahik] Every citizen is free. She made her decision freely.

Finance Minister Addresses Interpellators

95SM0417B Guayaquil EL UNIVERSO "SUNDAY" SECTION in Spanish 2 Jul 95 p 4

[Unattributed article]

[FBIS Translated Text] Quito. Minister of Finance Mauricio Pinto answered all the charges presented in the five political accusations made against him, saying that he has been scrupulous in exercising the powers granted him by the laws and so it was possible to successfully face the crucial phase of the military confrontation.

The Congressional Oversight Committee does obtained evidence in this matter. Behind the accusations of the minister of finance are Deputies Santiago Bucaram and Oscar Celleri (PRE [Ecuadoran Roldosist Party]); Fabian Alarcon (FRA [Alfarist Radical Front]); Antonio Posso (MPD [Democratic People's Movement]); and Diego Delgado, independent.

Government Spending on the War

In his explanation, the minister stated that during the conflict, the Treasury did not have sufficient funds, as on 25 January the balance in the National Treasury Joint Account was 20.367 billion sucres. In those circumstances, they proceeded to use funds held in the accounts of public-sector agencies and organizations.

Those accounts included securities which the public-sector agencies had to pay—including, among other obligations, payment on the Public Debt. When these payments were not made on time, that created very significant late-payment fees, which were not foreseen in the Central Government budget, so then 43 billion sucres were returned to the National Treasury Joint Account, and the accounts of the entities were restored so they could meet their obligations.

In one of the accusations the questioners say that the minister of finance authorized the diversion of 43 billion sucres from the accounts of the 2-percent vehicle tax and the withholding of two days of compensation.

The minister argues that "after the financial resources raised by the law which created those taxes were obtained, they were earmarked wholly for dealing with the national mobilization and other costs of the war, as well as for the return of funds to those accounts from which values had been taken initially, as it could not be expected that resources created by law could be collected then, at a time when we had to cope with the huge costs of the war."

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Financing

The financing measures proposed to cover the fiscal gap estimated at 3 percent of the GDP [Gross Domestic Product] (1.3 trillion sucres) include:

- Budget cut in current spending (0.9 GDP)

%Budget cut in capital spending (0.4 GDP)

%Vehicle tax of 2 percent and two days of salary (0.4 GDP)

%Better control of tax payments (0.3 GDP)

%Elimination of fuel subsidy for electricity companies (0.3 GDP)

%Elimination of diesel subsidy for the shrimping, banana, and fishing sectors (0.2 GDP)

%Increase in electricity rates (0.3 GDP)

%Elimination of distortions in telephone rates (0.2 GDP).

Other Accusations

On the charges of refusing to pay the state's obligations to finance Social Security, the minister said that the Interinstitutional Commission formed for this analysis has determined that the amount of 1,080,152.6 million sucres breaks down as follows: 517,405.6 million for capital, and 562,747 million for interest. Signing of the 12th Debt Consolidation Agreement is now pending.

The 1995 Central Government budget contains allocations for two items:

1. Recovery of Resources owed by the State in the amount of 180,000 million to cover amortization and interest payments on the Public Debt.

2. Transfers of 121,059, 40 percent for the payment of pensions; 113,077 million [sic]; and for Campesino Social Security, 7.982 million.

Central Bank Head Optimistic Over Deficit Reduction

95SM0420A Quito HOY in Spanish 25 Jun 95 p 7A

[Interview with Central Bank Manager Augusto de la Torre; date and place not given]

[FBIS Translated Text] "I feel at ease because we are moving well along the road of reducing the gap. I am now sure that there will not be a deficit of three percent of the GDP [Gross Domestic Product]. In the worst-case scenario, we will have a deficit of 1.2 percent of the GDP, and it is most likely that the deficit will be 0.35 percent of the GDP. That is within levels that will not destabilize the economy."

So spoke the manager of the Central Bank of Ecuador, Augusto de la Torre, who says that as consensus has been reached on the existence of a fiscal gap of 390 billion sucres, the monetary and exchange markets have calmed down and everything is now moving toward normalcy.

As things now stand, says de la Torre, we will end the year without altering the economic program, with the exchange rate within the exchange fluctuation band, without a reduction in reserves; and, what is most important, with a declining inflation rate between 17 and 19 percent.

De la Torre discusses his views in this interview.

[HOY] You do not like the idea of taxing deposit withdrawals. Why?

[De la Torre] For a tax on bank transactions to work and distort the system as little as possible, it would have to be temporary, because experience in all countries shows that when they have tried to raise revenues by taxing financial transactions, they soon become ineffective. If there is one sector of the economy that has ways of getting around taxes, it is the financial system.

[HOY] The minister of finance says that the best option for covering the deficit, in addition to the VAT [Value Added Tax] plan, would be approval of the new Telecommunications Law that would allow bonds to be issued. How will that work?

[De la Torre] There would be several alternatives: first, bonds could be issued in local markets; second, bonds could be issued in the international markets, in which case it would take a little longer because that takes time. If bonds are issued in the local markets, it would have to be decided whether to do the issue in sucres or in dollars, and the bond would have to be structured so that it will have acceptability and will not require the Treasury to pay a high interest rate. I think it would be best to issue the bonds in dollars, because of interest rates.

[HOY] There is talk of a bond which in the future could be converted into a share in the new telecommunications enterprise.

[De la Torre] That is right; what would help to lower the interest rate is the fact that the bond could be converted into stock when the telecommunications company is privatized. That expectation of what is now a debt becoming a share would help to lower the interest rate.

[HOY] When Ecuador's president announced the idea of privatizing telecommunications instead of raising rates, he said that would give access to immediate credit. Why the idea of bonds now?

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[De la Torre] It is hard to arrange a loan very quickly; it is faster to issue bonds. Going to the Inter-American Development Bank or the World Bank to negotiate is a very lengthy process. With bonds the idea is the same, going into debt, but it would be based on a sale that will be made in the future.

[HOY] Economic analyst Alberto Acosta says there is no need to take new measures to cover the gap; he advises improving tax collections or deferring payments on the debt. What do you think?

[De la Torre] The technical reforms are designed precisely to improve tax collections; that is part of the way to close the gap which Congress has acknowledged. About suspending debt payments, I believe that is a fairly erroneous opinion, for the costs to the nation are too high to think of it as a sound solution.

[HOY] Acosta says that the argument that deferring payment on the debt causes major complications is a "fairy tale."

[De la Torre] Let him take a look at credit and capital flows to the private sector before and after we signed the Brady Agreement. Before, we had very low influxes of capital or even capital flights. The country was accustomed to capital flights. The agreement with the banks is not a panacea. We never said it would be; but it is a necessary step that must be taken if we are to become a more mature country.

New Deficit Is Manageable

[HOY] How will the problem of the fiscal gap affect the planned macroeconomic management?

[De la Torre] At this time I feel calm. The fiscal panorama we foresee now is compatible with all of our macroeconomic objectives. The problem arises for monetary authorities when the fiscal panorama is very far from what was predicted, for that puts pressure on monetary policymakers to raise the interest rate, to change the exchange rate, and to reduce reserves. That is, monetary officials have to react in response to the fiscal situation.

[HOY] What will the fiscal deficit finally be?

[De la Torre] Initially we had serious concerns. Closing the year with a deficit of three percent of the GDP would have kept us from carrying out the rest of the program. So something would have to give, possibly the interest rate or a loss of reserves, or inflation. In the worst of cases we are now talking about 0.35 percent of the GDP (150 billion sucres), which is very manageable and reasonable, so long as Congress gives us something.

[HOY] How will the International Monetary Fund react when the issue of a small deficit is brought up?

[De la Torre] First let us solve our problems at home; afterwards we will have to persuade other people.

[HOY] How will the deficit of 0.35 percent of the GDP be financed?

[De la Torre] That 150 billion sucres will have to be financed in some other way—like continuing to control spending, making the greatest effort to improve tax collections through technical reforms, and through what is generally called budget management.

[HOY] What is going on in the exchange and money markets?

[De la Torre] The exchange and money markets are good thermometers of investor psychology. A very natural thing happened: There was a climate of uncertainty about resolving the fiscal situation, and that has been reflected in exchange movements and in interest rates.

I feel that as things are going, the level of uncertainty has been reduced quite a bit and light can now be seen at the end of the tunnel. The markets see that the Executive will have the appropriate instruments to give the nation a fairly balanced situation for this year. What is being done is to give greater credibility, reliability, and internal consistency to the macroeconomic program as a whole.

[HOY] Did the Central Bank intervene at some point to regulate the exchange rate and interest rates?

[De la Torre] No, it did not. The exchange rate never exceeded the exchange fluctuation band and the interbank rate stayed at an average of 25 to 30 percent, so there was no need to intervene, although the Central Bank always maintains close observation of the situation.

Izurieta Discusses GATT Accession Talks

95SM0420B Quito EL COMERCIO in Spanish 20 Jun 95 p B1

[Interview with Patricio Izurieta, undersecretary for international economic policy in the Ministry of Foreign Relations; date and place not given]

[FBIS Translated Text] The team that negotiated Ecuador's GATT/WTO entry has received new criticisms from some economic sectors.

Patricio Izurieta, the man in charge of the process, described to this newspaper the complex and up-and-down itinerary Ecuador followed to gain access to the world's most influential trade organization.

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One thing of which there is no doubt is that the results of this complex process will have broad repercussions on the nation's economic future.

For example, Ecuador will have to adjust its tax policy—especially in relation to special taxes—as part of the new international commitments made during these negotiations.

[EL COMERCIO] When did the process of GATT entry negotiations begin?

[Izurieta] On 10 August 1992, the government reported that decision. Then the Foreign Ministry began consultations with GATT's contracting parties to seek support for its application.

[EL COMERCIO] On what date was Ecuador's application for membership submitted?

[Izurieta] On 17 September 1992. On 29 September 1992, the Council of Representatives unanimously approved the application and began the admission process by forming the Working Group.

[EL COMERCIO] How was the negotiating team formed?

[Izurieta] Through Executive Decree 1167 (20 October 1993).

[EL COMERCIO] Who are the members of Ecuador's negotiating team?

[Izurieta] High-level representatives from the Ministries of Foreign Relations, Industry, Agriculture, and Finance; and from the Central Bank, Conade [National Council for Development], and the chambers of production as advisers.

The Foreign Ministry holds the chairmanship of the negotiating team and the MICIP [Ministry of Industry, Commerce, Integration, and Fisheries] the vice presidency.

[EL COMERCIO] How were the negotiations conducted?

[Izurieta] In two arenas. On one hand, in the multilateral arena—that is, in the Working Group. Ecuador explained its foreign trade system and its compatibility with GATT's norms and disciplines.

In that context the commitments which Ecuador is to fulfill were established; they concerned both the maintenance of our trade policies and alterations to adapt our system to world trade policies.

[EL COMERCIO] And what was the second part of the negotiations?

[Izurieta] The bilateral negotiations, also called market access negotiations, established the tariff consolidation list based on specific orders which Ecuador has received from 21 countries.

The entire negotiating team took part in this level, during the five meetings of the Working Group and in the four bilateral negotiating rounds conducted during the last 18 months.

At the meetings in Geneva and Washington, high-level officials from the institutions involved in the negotiations and technical experts in each field took part. On some important aspects, representatives of the private sector also participated.

[EL COMERCIO] How were decisions made?

[Izurieta] All the decisions, especially those related to the tariff consolidation list and the commitments made in the Membership Protocol, were made in Economic Front meetings chaired by Ecuador's vice president.

[EL COMERCIO] Were there disagreements within the negotiating team?

[Izurieta] Yes. In a group of professionals consisting of about ten people, there are differences of opinion.

[EL COMERCIO] What exactly was negotiated?

[Izurieta] Market access, the list of specific commitments in the area of services, the new scope of intellectual property rights, and compliance with the Uruguay Round's Multilateral Trade Agreements.

In addition, there were requests from 21 countries, and the fact that in GATT the most-favored nation clause is applied—which means that when something is negotiated with one country, whatever is negotiated must apply to all of the 121 member countries of the WTO.

[EL COMERCIO] What is the tariff situation now?

[Izurieta] Ecuador consolidated its tariff system in a general manner at a level of 10 points above the AEC [Common External Tarriff].

In addition, 150 products were excepted from this general level by granting higher tariff consolidation levels to sensitive agricultural products and to automobiles.

[EL COMERCIO] What are those levels?

[Izurieta] They range from 35 to 95 percent. This was a very significant achievement for Ecuador, since the countries that joined GATT before us—Honduras, Paraguay, and Slovenia—did not obtain any exception above the tariff consolidation ceiling.

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Why Were Bananas Not Included?

The head of the negotiating team, Patricio Izurieta, explains: during the entry process, the banana issue was not negotiated because bilateral negotiations concentrate on the issue of access to Ecuador's market, not on access of Ecuadoran products to other markets. That type of negotiation can be done only in multilateral negotiating rounds once the nation is a member of GATT.

Like most tropical products, bananas have low tariffs in the developed countries. The European case is different because it has a system based on exemptions. Europe at this time has no obligation to negotiate bananas with Ecuador because it has no contractual commitment with us, since we are not members of GATT.

On the discussions of bananas with the European Union, Izurieta said that "from the start it was made clear that there could be no strings attached to Ecuador's entry into GATT/WTO." Of course, at one point a European negotiator did make a reference to a sort of "peace clause" on the issue.

But Ecuador said it would not waive the right to appeal which it would have as a WTO member to deal with the banana issue, and that there was no legal foundation for the European Union to seek such a peace clause. Fortunately, the negotiations with the EU [European Union] were concluded fairly successfully.

Third Reform Package Presented for Final Debate

95SM0433A Guayaquil EL UNIVERSO "SUNDAY" SECTION in Spanish 16 Jul 95 p 4

[FBIS Translated Text] Quito—The Committee on Constitutional Affairs of Congress has presented a report for the second and definitive debate on draft articles approved on the first reading and which are part of the third package of reforms of the national constitution.

Heinz Moeller, the president of Congress, ordered the reading at the most recent session of the report presented by the legislative committee containing the texts of reforms of the constitution regarding education, the environment, political rights, the legislative function, the Constitutional Court, the autonomy of regional governments, the supremacy of the constitution, and the interpretation of constitutional reforms.

This vote will be definitive, and when it takes place, the articles contained in this third package of constitutional reforms will be approved. Subsequently, the package of reforms will be sent to the president for his approval.

New Constitutional Texts

The members of Congress themselves consider that since the texts of the reforms were approved in the first vote, it will not be necessary to debate these reforms once again, since they were reviewed by the leaders of the respective party groups and the Committee on Constitutional Affairs.

Regarding the reforms on education, the reforms provide that education is the fundamental duty of the state and society, a fundamental right of every person, and the right and obligation of parents. Public education is secular and free of charge at all levels.

The state will ensure equal access to university education or state supported, polytechnical institutions. The various centers of higher education will establish policies concerning the admission of students and determining the level of student applicants. o73 At the same time, independently of the resources allocated to them in the state budget and other income provided to them by law, the universities and polytechnical schools will be able to develop other sources of income.

Environment

The responsibility of the state to protect the right of the people to live in a healthy and ecologically balanced environment which guarantees sustainable development is stated as a constitutional standard.

The preservation of the environment and ecosystems, the prevention of environmental pollution, and the exploitation of natural resources are identified as matters of public interest.

Furthermore, the manufacture, import, possession, and use of chemical, biological, and nuclear weapons are prohibited, as well as the introduction into the country of nuclear and toxic wastes. The law will define violations of these provisions and will also regulate procedures for determining administrative, civil, and penal responsibilities for such violations.

Legislative Function

In this part of the constitution it is provided that for a political party to exist it must have a certain level of support expressed in electoral terms, by law.

Among the reforms which relate to the legislative branch of the government, it is provided that public officials of autonomous or dependent bodies cannot be candidates in the elections. Also included in this prohibition, in general, are those who receive remuneration from the Treasury or who will have received such remuneration within a period of 120 days preceding the election. Public servants will enjoy leave without pay to participate as candidates in the elections. They will lose their positions as public servants if they are elected.

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It is also provided that the Congress will meet from 1 August to 9 October of every year in ordinary session.

In all cases in which the Congress is required to appoint officials on the basis of lists submitted to it, such lists shall be presented within a period of 20 days following the creation of a vacancy. If such lists are not received, then after a designated period of time Congress will appoint such officials without such lists. Congress will make the appointments within a period of 40 days after receiving the respective lists.

In this part of the constitution standards will be established for the administrative decentralization of the state, which will promote the harmonious development of all of its territory, stimulate deprived areas, and distribute resources and services in accordance with the needs of the various areas of the country. o73

The central government will decentralize and relieve confusion in its administrative processes, granting sufficient powers to the representatives of autonomous, regional entities. In this way provincial and municipal councils will have functional, administrative, and economic autonomy. For this purpose 15 percent of the state budget will be allocated.

Constitutional Court

In these reforms the name of the Court of Constitutional Guarantees shall be changed to the Constitutional Court, as the court of last resort. In this connection the Constitutional Chamber of the Supreme Court of Justice shall be abolished.

The Constitutional Court will have the power of considering and resolving appeals presented regarding laws, decree laws, decrees, and ordinances which are unconstitutional in substance or in form, and to suspend their effect, totally or in part.

Reform of the Constitution

The changes proposed in this part of the constitution provide that in case of doubt about the application of standards contained in this constitution, only Congress in plenary session will interpret them in a generally obligatory way, through a special, interpretative law, adopted after two debates on different days, with a favorable vote of two-thirds of all of the members.

The president and members of Congress, the Supreme Court of Justice, and the Constitutional Court may propose reforms to the constitution. Reforms to the constitution may also be presented by popular initiative.

Paraguay

Argentine Army Chief Denies Enhanced 'Militarism'

PY2607000095 Asuncion ABC COLOR in Spanish 25 Jul 95 p 6

[FBIS Translated Text] Lieutenant General Martin Balza, the Argentine Army chief of staff, yesterday denied that the parade held on Army Day may be described as a strengthening of militarism in our country. Asked about the parade held during the opening ceremony of the "parade ground," the Argentine military officer indicated: "I do not believe so because we actually saw Army field forces that have shown their operational efficiency, their professional enthusiasm, and their calling to serve their community."

In this regard, Balza was asked if there is a similar construction in his country that is being used by the Armed Forces for their parades or military ceremonies. He responded: "The methods may be different, but there are similar parades in my country."

Balza added that, during the ceremony, he did not notice any kind of investment or anything linked to an arms race or resembling an arms race that might deserve criticism. He rejected the possibility of describing the exercises as part of a cult of militarism.

Balza noted: "Quite to the contrary, I believe this represents a confirmation that this Army serves the democratic institutions and unrestrictedly respects the Republic's institutions."

Balza refused to voice an opinion on the status of the Armed Forces in Latin America, pointing out that he could voice an opinion on the Argentine Army alone.

National Police Quell Demonstration

PY2607020195 Asuncion ABC COLOR in Spanish 25 Jul 95 p 4

[FBIS Translated Text] The demonstration to repudiate the "parade ground" [built by the Army at the 1st Corps at Campo Grande] organized by the political youths of the Authentic Radical Liberal Party [PLRA], the Febrerista Revolutionary Party [PRF], and the National Encounter [EN] ended in violence and repression by the National Police. Various youngsters were hurt and Senator Nilda Estigarribia suffered a cut on the head as the result of being hit with a baton by police "blue helmets" [anti-riot police].

The demonstration started when nearly 400 youngsters gathered in various staging areas and then moved to the entrance of the 1st Army Corps. The youngsters

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marched along a street running by the military ground and then attempted to enter the "parade ground." Police and military agents tried unsuccessfully to make them march away from the military camp and closer to the railroad tracks.

The demonstrators started running shortly before reaching an access bridge going to the "parade ground" but they were stopped by military agents at the bridge. The demonstrators, then and on several other occasions, tried to force their way into the "parade ground," but were stopped by the entrance guard. That is when the incidents started. There was pushing and pulling, spitting by youngsters, and verbal aggression, sometimes accompanied with the use of sand, against some of the people entering the "parade ground."

At first, the police and military agents who were checking on people who came to participate in the Army Day ceremonies but who refused to let the demonstrators enter, could not agree whether to clear the road or not.

At that point, some Colorado Party precinct leaders exchanged insults with the demonstrators. Demonstrators insulted and threw handfulls of sand at people like entrepreneur Roberto Antebi and television entertainer Juan Carlos Amoroso when they were trying to enter the military barracks.

Upon realizing that they could not enter, the demonstrators returned to the 1st Army Corp main entrance. The officer on guard tried to clear the way, ordering a soldier to threaten demonstrators with a mechanical shovel that was parked to one side of the entrance. The idea was "to scare" the demonstrators, but the students did not withdraw and the climate of violence increased.

The arrival of Interior Minister Carlos Podesta incited the youngsters, who reprimanded him for not letting them in. Podesta responded that they were too excited, and when he realized that a dialogue was impossible, he ordered the police to clear the road. A violent repression ensued. The violence was partially responded to by the youngsters, who ended up suffering the most. Several youngsters fainted on the pavement as a consequence of being beaten. Senator Estigarribia was taken to the First Aid Clinic as Podesta entered the grounds. The demonstrators then marched to the park on the corner of the airport highway and Madame Lynch, where they disrupted traffic and then dispersed peacefully.

Peru

President: IMF Approved 'Letter of Intent'

PY2507235495 Madrid EFE in Spanish 1526 GMT 25 Jul 95

[FBIS Translated Text] Lima, 25 Jul (EFE) — Peruvian President Alberto Fujimori reported today that the IMF has approved the Peruvian letter of intent for 1996, signed on 30 June.

Fujimori said that the approval of the document supposes for this Andean country "an important endorsement to receive new loans from the World Bank and the Inter-American Development Bank (IDB)."

The letter outlines the macroeconomic goals Peru must fulfill in 1996, among them an annual inflation rate of between 9 and 11 percent, and an economic growth of between 6 and 7 percent, although Fujimori said that the latter will probably reach 8 percent.

Fujimori said that the IMF "endorsement" is important for Peru, not only to obtain new credits, "but also because it is a good letter of introduction for negotiations with creditor banks."

Those negotiations, which will soon reach the fifth stage, "are on the right track," and their objective is to reach an agreement within the framework of the Brady Plan, which supposes an important reduction of the debt to banks in exchange of the cancellation of part of that debt.

Fujimori declined to talk, however, about a supposed purchase of Peruvian debt titles that has been attributed to his government, and that would reach some $1 billion.

Cabinet Resigns; 'Some Changes' Expected

PY2607015995 Madrid EFE in Spanish 2349 GMT 25 Jul 95

[FBIS Translated Text] Lima, 25 Jul (EFE) — Peruvian Prime Minister Efrain Goldenberg today announced that the entire cabinet submitted its resignation to Peruvian President Alberto Fujimori.

During a news conference, Goldenberg said that he submitted his letter of resignation to Fujimori. This, he added, entails that the 14 ministers have also resigned.

The prime minister and foreign minister of Peru commented that submitting their resignations is a mere formality, but this does not mean the president will not make any changes.

It is a Peruvian tradition that the ministers submit their resignations a few days before the independence

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anniversary, celebrated on 28 July, and at the end of each year.

On 23 July Fujimori announced, in statements to a Peruvian television channel, that he will make some changes in his cabinet.

The Peruvian president asserted that "there will be a few changes in the cabinet," but declined to give the names of the new ministers or say which ministers will be changed.

He said that he will announce the changes on 28 July in his address to the nation.

On that day, Fujimori will be sworn in for his second consecutive presidential term, after being reelected in the general elections held on 9 April.

In his statements to the television channel, Fujimori did not refer to the cabinet changes. However, he said that some of the current ministers may remain in their posts.

Media sources recently speculated that Goldenberg may be one of the ministers to be replaced.

Uruguay

Defense Minister Views Corruption, Defends Institutions

PY2607033195 Montevideo EL OBSERVADOR in Spanish 19 July 95 p 6

[FBIS Translated Text] Defense Minister Raul Iturria gave an address with a great political substance during a ceremony in which the swearing of the Constitution was recalled. He made the address in the name of the executive branch, and he expressed the belief that investigation of corruption cases is necessary in order to prevent the entire political system from becoming involved and to prevent the erosion of democratic institutions.

Iturria was the only speaker at the ceremony, in which top government authorities, members of the Armed Forces, and members of the political opposition observed, from a stand located in front of Fabini Plaza, a military parade that lasted nearly two hours.

Iturria also referred to the negotiations on the reform of the Constitution that are currently going on, and he said that today there are "certain possibilities" that will help to achieve this initiative.

He believes that "the person who governs and the politicians have to have the flexibility to be able to help with concessions that are necessary for achieving this reform that has taken us so much time to discuss."

The minister also said that, in addition, "there must be tolerance," because the democratic system demands "constant understanding."

He stated that the success of the future constitution that will emerge from the reforms depends on "the political support that it receives." He attached great importance to what is to be defined "as constitutional aspects and what is to be defined as legal aspects," and he indicated that he wants to achieve "something in between."

Iturria stressed that the reform will permit "an improvement of the harmonious relations between the branches of government," and it will give "better support to the government and the president-elect."

In a clear reference to the accusations of corruption that have emerged during the past few days against members of the previous government, Iturria said that "every citizen has the obligation to be honest....and it is the heavy duty of all those who govern."

He maintained that "all that can cause harm in the exercise of power or in the manipulation of public resources must receive the most serious condemnation, and therefore requires investigation and imposition of any necessary sanctions."

"The sins are of a few; then, in not determining who is responsible, the blame falls on the political body as a whole, and the situation creates a distortion of reality. This, in turn, erodes the democratic institutions."

Speaking in the name of the executive branch, Iturria said that "it is an unavoidable duty and right to investigate cases of corruption; in other words, they must be dealt with and the powers that be and the constitutional organizations must take action and try to determine whether a crime has been committed. Furthermore, if anyone is found responsible, then he must be punished."

Key Points

Need: If there has been so much talk, then the political forces believe that the reform is necessary.

Ingredients: There must be consensus and flexibility.

Conditions: The reform must include constitutional norms and it must also allow leeway to allow the legislators to work.

Problems: A constitutional reform does not resolve all the difficulties that the people suffer.

Attitudes: Iturria also demanded a change in the behavior of political leaders and those who govern.

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Threats: Demagogy, intolerance, inoperativeness of institutions, and bad behavior in public office are an attack against democracy.

Venezuela

Minister on Basic Elements of Government's Economic Program

PA2607042895 Caracas EL NACIONAL in Spanish 24 Jul 95 p E-8

[Report by Evaristo Marin]

[FBIS Translated Text] Barcelona — Finance Minister Luis Raul Matos Azocar, who was the speaker at a symposium in Puerto La Cruz on "government actions to fight inflation and promote the country's development," has said the most important thing to do in order to resolve the fiscal deficit, even before increasing gasoline prices, is to collect 600 billion bolivares for tax evasion owed to the nation by powerful economic groups. These groups, he has said, "have been identified, and we have computer information on them."

The minister has emphatically expressed his opposition to tightening "the belt on the weakest."

The question is whom do I charge first: those groups who dodge taxes or that poor man using his car to transport goods as a means to earn a living and who does not enjoy a subsidy, as they do in other countries.

During his speech, Matos Azocar summarized the basic elements of the economic program sponsored by the government of President Caldera "to redirect the country's economy."

The first thing, he has said, is to correct the 941 billion bolivares fiscal deficit. We have a situation in which the difference between spending and income totals 941 billion bolivares. This is the fundamental problem.

Another element is fiscal discipline, which, according to Matos Azocar, is the factor generating more opposition, because spending must be cut. "We have demanded that ministers cut spending by 300 billion bolivares," the minister has said.

He has said there was a strange complicity in this country between the world of politics and the world of financial power. "The world of politics has prevented the Superintendency of Banks from overcoming the difficult situation it was experiencing. I am still looking for funds to buy computers for a superintendency's office that had to supervise banks that owned satellites, owners of large computer centers. I have found out that the data from those banks were processed by the superintendency in the computer of the banks and run by technicians from the banks. When were they going to uncover the fraud?"

Regarding the budget, Matos Azocar has said "we have presented the 1996 budget based on a $13.5 per barrel price of oil. We surprised Congress. We have estimated, however, a zero privatization related income, because we wanted to set an example of fiscal discipline. We did it because the other big problem we are experiencing is that we inherited debt payments that were signed and agreed in 1990, the largest payments of which will occur in 1996 and 1997. The payment of the debt renegotiated in previous administrations will increase significantly in 1996 and 1997, to the point that nearly all of the budget, 40 percent of our income, will be used to pay the debt. [no closing quotation mark as published]"

The third point is the one involving foreign exchange policy. The crisis experienced in mid-1994 forced us to apply a tourniquet, and, fortunately, the blood returned to the body. Nowadays, our international reserves have returned to satisfactory levels: over $10 billion, which is a great deal for a country such as ours. Had we not implemented controls on foreign exchange, we would have been unable to certify debts today, and businessmen would be unable to fulfill their obligation to pay the debt they had contracted.

Matos Azocar has said the last point of that immediate economic program pertains to a policy of income, for which the Anti-Inflation Pact thesis has been proposed.

Nevertheless, he has warned that "many businessmen have received dollars at 170 bolivares and have sold products as if they had paid 233 bolivares for each dollar. A long time ago, businessmen anticipated an alleged devaluation and set prices accordingly in order to guarantee that these businesses did not sustain losses. It is unacceptable that with an exchange rate of 170 bolivares to the dollar products are being sold at speculative prices. "

Exchange Stability Drives Down Price of Brady Bonds

PA2507223695 Caracas EL NACIONAL in Spanish 24 Jul 95 p E-8

[Report by Werther Sandoval]

[FBIS Translated Text] Investor interest in buying Brady bonds to acquire dollars has decreased to such a degree that the 22 June price of 243 bolivares per dollar spent on these bonds dropped to the current price of 230 bolivares.

According to the brokers, this heavy decline was prompted by easier access to dollars at the official exchange rate, as well as to investor belief that the current 170 bolivares exchange rate will remain unchanged

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until after the mayoral and gubernatorial elections; that is, they ruled out a possible devaluation.

Matos Maintains Dollar Value

Those conclusions are reasonable. On 22 June, when the authorities allowed unhindered transactions of Brady bonds at brokerage houses, there were expectations that the executive branch would move to drive up the price of the dollar, because, among other things, consumer prices had increased 70 percent, although the price of this currency had remained stable (and still is).

At that time Finance Minister Luis Raul Matos Azocar dismissed such an idea by arguing that few bolivares could be obtained through the adoption of such means to finance the fiscal deficit. He also refused to raise gasoline prices for sociopolitical reasons.

In the face of a stable dollar, many companies weighed the cost of buying Brady bonds at high exchange rates, especially when exchange authorities had increased the flow of dollars.

"Some companies were holding dollars because of devaluation expectations, and they preferred to obtain loans in bolivares to finance their operations," said Hector Perez, a broker at Financorp Securities. "Given that the official exchange rate would not change, many of them decided to sell Brady bonds to obtain bolivares."

In other words, the financing strategy changed. Many companies decided to acquire Brady bonds (in dollars) abroad to sell them at local brokerages to obtain bolivares to be used in production activities.

"It is costly to hold dollars at present, primarily because the possibility of a devaluation has abated," said Luis Benshimol of the Inverwold Firm. "Therefore, many corporations are now getting rid (of their dollars through the purchase and later sale of Brady bonds, and this strategy has increased the supply) of Brady bonds."

Too Many Brady Bonds

According to Benshimol's estimates, supply outweighs demand by a 9:1 ratio. This disparity has gradually lowered the dollar price in the form of Brady bonds.

In addition, the amount of bolivares in circulation has decreased. A bulletin on indicators put out by the BCV [Central Bank of Venezuela] shows that since late May the Monetary Base, which is the main barometer for measuring liquidity, is relatively stable, but with downward pressure. It went from 672.345 billion bolivares to 668.848 billion bolivares.

Within the same period, operational reserves dropped from $7.1868 billion to $6.6252 billion — that is, a $561.6 million or 8 percent decline. This reflects a speedier foreign currency disbursement.

In fact, initial figures on the volume of foreign currency disbursed by OTAC [Exchange Administration Technical Office] indicate that actual liquidations went from $3.2036 billion in the first half of 1994 to $4.165 billion in the first half of 1995 — a 30 percent increase.

Inventory Buildup

The companies are now trying to obtain as many bolivares as possible to buy and build up inventories to shield themselves from a price increase estimated at 70 percent by year's end, and one way to obtain domestic currency at low cost is through the purchase (in dollars) of Brady bonds abroad and then selling them (in bolivares) at domestic brokerages.

This strategy is encouraged by signs of possible economic improvements in the country. According to Carlos Fiorillo of the Merinvest Investment Banking Brokerage, previously "there was no massive interest among domestic and foreign investors to bring their dollars back to the country. As soon as they realized conditions had improved because of the petroleum opening, they immediately increased Brady bond supply, and the rate dropped to less than 235 bolivares, the parity exchange rate."

One foreign investment indicator is that the influx of foreign capital was $196 million in the first half of 1995 — $28.2 million more than in the first months of 1994 — the Foreign Investment Authority reported.

Of total foreign investment, $155.8 million came in the form of foreign currency, $20 million in the form of capitalization increases, $4.18 million in surplus capitalization, $445,000 went to the stock market, and $15.6 million were used in debt-for-investment swaps.

Fedecamaras Criticizes Minister's Macroeconomic Plan

PA2607041795 Caracas EL NACIONAL in Spanish 23 Jul 95 p E-8

[FBIS Translated Text] Maracay — "The finance minister's macroeconomic program is an inflationary scheme, because it proposes to correct the fiscal deficit by incurring domestic debt rather than by cutting spending. As a result, the solution of the country's problems will have to be postponed until 1996."

This is the main conclusion of the 51st Annual Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] Assembly that ended yesterday in Maracay with the election of Jorge Serrano as the new president.

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The final plenary session debated the Matos plan. At the session, it was pointed out that this program will make it difficult for the productive sector to access financing while raising the cost of credit for consumers. The businessmen also said the macroeconomic program will fail to lower inflation, because the fiscal deficit was not reduced to 4 percent of GNP this year, as the government promised in the Letter of Intent signed on 29 May.

The businessmen said it is essential to maintain a true and competitive exchange rate to stimulate the production and exports. The businessmen called for correcting macroeconomic imbalances to prevent repeated devaluations and to arrive at the currency's free convertibility rate as soon as possible.

Regarding prices, they said one year of fixed exchange rates and regulated prices has resulted in inflation exceeding 60 percent and a shortage of goods and services. According to the businessmen, in a recessive economy in which consumers have weakened buying power, it is impossible to support a higher tax burden, because this will lower demand and the number of available jobs even further. "The country's situation will not permit several years of waiting to resolve problems as large as the current ones," they concluded.

In turn, the agricultural food sector drew the attention of both the assembly's Board of Directors and the new Fedecamaras Board of Directors. They noted the serious crisis in this sector, which is hindering the government's ability to provide food for the people.

"The proportion of the crisis can be seen in everyday occurrences. One of these is the progressive deterioration of the national productive sector because of the economic crisis. This is compounded by the adjustments the sector has been undergoing as a result of the foreign debt agreements the executive branch has been forced to sign. These agreements have been translated into measures that include the gradual elimination of subsidies, the reduction or elimination of tariff protection, and the complete absence of alternative policies to protect the national productive sector's stability and development."

The businessmen said funds devoted to animal and plant research and health care have dwindled significantly, adding that, on a mid- and long-term basis, this will make the agricultural and livestock productive system more vulnerable. In turn, it is imperative to earmark funds to preclude a collapse of agricultural activity.

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